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# Structure and staffing of the Secretariat

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## **Summary**

This document presents, for the Board's consideration, a progress report on the staffing of the Secretariat; reviews the evolution of the Secretariat's organizational structure over time; reviews challenges with the present organizational set-up; presents an assessment of the required capacity to best position the Secretariat to deliver on its mandate and current business model with a projected staff hiring target of 250 by 2018; reviews organizational design principles used to evaluate potential changes to the organizational structure; and proposes adjustments to the organizational structure for the GCF Secretariat in the short term for the Board's approval.

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## I. Introduction

1. In the initial years of the GCF, the Secretariat's work focused on supporting the development of policies and procedures aimed at enabling the Board to establish the GCF structure and its ability to initiate operations. Towards that end, at its fourth meeting, the Board approved an initial structure for the GCF Secretariat.
2. Over the four years since B.04, the GCF and the work of its Secretariat has expanded greatly and shifted focus. Most notably, the Secretariat is now fully engaged in the effort to normalize the operation of the project and programme cycle, and to implement a large number of Board decisions in a coherent and mutually supportive manner.
3. While the structure of the Secretariat has served the GCF well during the start-up period, it is possible that it may no longer be optimal for delivering the Secretariat's increasingly complex mandate. Related to this, the Board has raised concerns about the limited capacity of the Secretariat to meet the increasing demands faced, and requested the Secretariat to reconsider both its organizational structure and the staffing necessary to enable it to deliver on its mandates.
4. To support this effort, the Secretariat awarded a contract to Dalberg Global Development Advisors. Dalberg helped the Secretariat to assess the current and future capacity requirements necessary to enable it to effectively implement the business model and strategic plan of the GCF. Dalberg was also asked to evaluate the Secretariat's organizational structure with a view to suggesting potential changes designed to optimize the Secretariat's effectiveness. Dalberg's work involved extensive interviews with Secretariat management and staff, an evaluation of the GCF business model and frameworks, consideration of short-term and long-term challenges presented by the expanding workload of the GCF, and benchmarking of Secretariat functions and staff numbers relative to similar functions carried out in other organizations. Dalberg also participated in a series of workshops with the Secretariat's senior management team, a process that helped the Secretariat evaluate the findings and reach independent conclusions.
5. This document first presents a progress report on the staffing of the Secretariat. It then reviews the evolution of the Secretariat's structure and staffing, and presents its proposals for both a 2018 hiring target and a package of recommendations for short-term changes to the structure of the Secretariat. It also includes as an annex the final Dalberg report on related matters.
6. To be clear, the conclusions and proposals made here are the Secretariat's. They were informed by the work of Dalberg – particularly the analysis and exchange – but were formed independently. They do not differ substantially from those advanced tentatively at the sixteenth and seventeenth meetings of the Board (B.16 and B.17).

## II. Linkages with other documents

7. This document has linkages with the following main documents:
  - (a) GCF/B.04/08: Business Model Framework: Structure and Organization;
  - (b) GCF/B.05/10: Initial Structure and Staffing of the Secretariat;
  - (c) GCF/B.07/07: Structure of the Fund and the Secretariat;
  - (d) GCF/B.08/Inf.05: Annual Update on the Structure and Staffing of the Secretariat;
  - (e) GCF/B.11/11: Annual update on the structure and staffing of the Secretariat;
  - (f) GCF/B.11/24: Decisions of the Board – Eleventh meeting of the Board;

- (g) GCF/B.11/25: Report of the eleventh meeting of the Board;
- (h) GCF/B.12/06: Report on the development of the Draft Strategic Plan;
- (i) GCF/B.12/32: Decisions of the Board – Twelfth Meeting of the Board;
- (j) GCF/B.13/20: Status of staffing of the Secretariat – a progress report;
- (k) GCF/B.15/03: Work plan of the Board for 2017;
- (l) GCF/B.16/04: Implementation of the initial strategic plan of the GCF: annual report;
- (m) GCF/B.16/21/REV.01: Work programme of the Secretariat for 2017 and adjusted administrative budget;
- (n) GCF/B.16/23: Decisions of the Board – sixteenth meeting of the Board;
- (o) GCF/B.17/Inf.03: Report on the status of the staffing of the Secretariat; and
- (p) The B.18 document (under preparation) titled “Work Programme of the Secretariat 2018 and administrative budget.”

### **III. Objectives**

- 8. The main objectives of this paper are to apprise Board members of the following:
  - (a) Progress made in staffing;
  - (b) Review of the evolution of the Secretariat’s organizational structure;
  - (c) Review of the challenges with the present organizational set-up;
  - (d) Assessment of the required capacity to best position the Secretariat to deliver on its mandate and current business model;
  - (e) Review of the organization design principles used to evaluate potential changes to the organizational structure; and
  - (f) To seek the Board’s approval of the Secretariat’s recommendations for staffing numbers for 2018 and adjustments to the structure of the Secretariat.

### **IV. Progress report on the staffing of the Secretariat**

9. The Board, by decision B.12/27, paragraph 31, noted the need to increase the number of regular staff of the Secretariat to an approximate total of 100 filled positions by 31 December 2016, and to further increase it to approximately 140 by the end of 2017, taking into consideration the ability of the Secretariat to recruit and absorb the increasing staffing numbers. By the same decision, the Board allocated additional funds for staffing in the Secretariat. This has enabled the Secretariat to plan and implement a recruitment campaign.

10. 104 staff members have been appointed since the thirteenth meeting of the Board in June 2016, and recruitment processes are under way for 43 new positions. The Secretariat is expected to reach the target of 140 staff in October 2017, but has also had to compensate for 10 staff resignations since the start of the year.

**Table 1: Number of staff since the twelfth meeting of the Board**

	B.12	B.13	B.14	B.15	B.16	B.17	B.18
<b>Number of staff</b>	45	45	60	78	90	105	140*
<b>% increase from B.13</b>		0	33	73	100	133	211*

*Abbreviations:* B.12–B.18 = twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth and eighteenth meetings of the Board.

\* Expected by October 2017.

11. In terms of senior posts, the Secretariat has just filled the position of Director of Country Programming, while the vacancy for General Counsel is currently under recruitment. The vacancy for Deputy Executive Director has been launched and advertising will close on 24 September 2017.

#### 4.1 Increase in staffing by area of activity

12. Table 2 below indicates the progress made in building the Secretariat's capacity, by area of activity.

**Table 2: Staffing by area of work**

Areas of activity	Current staff	In pipeline	Total
Executive direction and management, including communications and outreach	11	2	13
Country and accredited entity relationship management and Readiness and Preparatory Support Programme (CPD)	19	6	25
Portfolio development and management (DMA, PSF, PMU)	36	19	55
Institutional, legal and financial/administrative support	53	13	66
Risk management, compliance and audit	15	3	18
<b>Total</b>	<b>134</b>	<b>43</b>	<b>177</b>

*Abbreviations:* CPD = Country Programming Division, DMA = Mitigation and Adaptation Division, PSF = Private Sector Facility, PMU = Portfolio Management Unit.

13. The operations-related divisions/offices (namely, the Country Programming Division, the Mitigation and Adaptation Division, the Private Sector Facility Division, and the Office of the Executive Director) currently stands at 70 staff, but with 29 posts currently in the pipeline the staff count could rise to 99 by the end of 2017/early 2018. The Portfolio Management Unit, within the operations group, has grown significantly from 3 to 7 staff since B.17.

14. The support group, herein defined as those roles providing institutional, legal, risk and financial/administrative support, has experienced growth the units of Finance, Information and Communications Technology (ICT) and the Office of General Counsel have recruited new staff. This group could grow to 78 staff, according to current plans, by the end of 2017.

15. Table 3 below presents a summary of the progress in the number of staff in the operational and support divisions since the thirteenth meeting of the Board.

**Table 3: Progress of staffing in operational and support divisions**

Areas of activity	B.13	B.14	B.15	B.16	B.17	B.18
Operations	27	22	30	37	51	70*
Support	18	38	46	53	54	64*
<b>Total</b>	<b>45</b>	<b>60</b>	<b>76</b>	<b>90</b>	<b>105</b>	<b>134</b>

*Abbreviations:* B.13–B.18 = thirteenth, fourteenth, fifteenth, sixteenth, seventeenth and eighteenth meetings of the Board.

\*Redefinition of the support and operations group, now comprising institutional, legal, risk and financial/administrative.

16. In addition, the Secretariat has 8 international and 22 administrative consultants based at its headquarters in Songdo, Incheon, Republic of Korea, to carry out its work as defined in the work plan for 2017.

## 4.2 Staff by gender and geographical distribution

17. The Secretariat continues its effort to achieve geographical diversity in its workforce and to ensure that women and men are equally represented at all levels. The gender balance overall has improved from 79:21 (male to female ratio) at B.12 to 54:46 as of B.18. The representation of developing countries in the Secretariat continues to be strong at all levels.

18. The Secretariat is currently composed of staff from 50 countries, with the highest representation among international professional staff being the Republic of Korea (19 staff), the United States of America (9 staff), India (6 staff) and Germany (5 staff).

19. Table 4 below provides information on the geographical and gender distribution of staff as at 21 August 2017.

**Table 4: Geographical and gender distribution among appointed staff**

Filled positions		Geographical distribution		Gender balance	
Level	Headcount	Developed	Developing	Male	Female
IS-level	107	40 (37%)	67 (63%)	64 (60%)	43 (40%)
AS-level	27	4 (15%)	23 (85%)	8 (30%)	19 (70%)
<b>Total</b>	<b>134</b>	<b>44 (33%)</b>	<b>90 (67%)</b>	<b>72 (54%)</b>	<b>62 (46%)</b>

*Abbreviations:* AS = administrative support staff, IS = international professional staff.

## 4.3 Recruitment and retention challenges

20. Recruitment is continuing at a steady pace, with 20–30 vacancies being filled in the Secretariat every quarter.

21. Retention of staff is equally important however, and emphasis is being put on engaging Secretariat staff by offering learning and career development opportunities, along with ensuring that their compensation and benefits package is attractive and competitive. To this purpose the Administrative Human Resources Guidelines are also being comprehensively revised.

## V. Evolution of the organizational structure and staffing of the GCF

22. In October 2013, the Board approved an initial structure and staffing for the Secretariat. That structure envisioned five divisions reporting directly to the Executive Director: Country Programming, Mitigation and Adaptation, Private Sector Facility, External Affairs, and Support Services. In September 2014, the Secretariat made informal adjustments to the structure, which now includes four divisions (i.e. Country Programming, Mitigation and Adaptation, Private

Sector Facility, Chief Financial Officer and Support Services) and four offices (Internal Audit, Secretary to the Board, General Counsel, and Risk Management). Heads of these divisions and offices report to the Executive Director and participate in the Senior Management Team (SMT).

23. In October 2015, the Secretariat proposed a further structural adjustment which was not approved by the Board for a variety of reasons, including the desire to await the completion of an overarching strategic plan. As a result, while the Secretariat has grown and initiated full operationalization of the project and programme cycle, its structure has remained unchanged since 2014.

24. Regarding staffing levels, in March 2016, the Board authorized the recruitment of up to 100 staff by end of 2016 and up to 140 by end of 2017.<sup>1</sup> In April 2017, the Board approved the priorities contained in the Secretariat's 2017 work programme and budget, which discussed new staffing needs and set an ambitious goal of having 140 staff on board by the end of calendar year 2017. We expect to reach that goal.

25. As noted earlier, the Secretariat's contract with Dalberg asked for their evaluation of the current and future staffing needs of the Secretariat relative to its ongoing and projected workload. The following section discusses the approach and methodology that was used to make related projections.

## VI. Approach

26. The Secretariat was informed by Dalberg's work, which took the following approach in preparing its proposals on the needed staff level and organizational structure:

- (a) Adopted a standard methodology for developing estimates of staffing needs;
- (b) Developed organizational diagnostics focused on structure, capacities, systems and tools, challenges, and roles and responsibilities;
- (c) Conducted consultations with managers and staff from all divisions and units in both individual and group settings; this included several cross-divisional group consultations and consultations among members of the Secretariat's senior management team;
- (d) Conducted consultations with internal and external stakeholders, including Co-Chairs of the GCF Board, Board members/alternate members, Board Committees, independent units, national designated authorities/focal points, accredited entities(both international and direct access); and
- (e) Benchmarked the current organizational structure with those of other organizations.

## VII. Methodology for developing estimates of staffing needs

27. To project the capacity required for the Secretariat to meet its growing workload, Dalberg, with substantial input from the Secretariat, undertook a five-step approach:

- (a) **Determine key functions of the Secretariat:** key functions within current divisions and offices were identified and used as a base unit to project staff capacity. These functions were categorized as: (i) project cycle-related, whose growth is driven mainly by incoming work volume; and (ii) non-project cycle-related, whose growth is driven mainly by other factors (e.g. growth in the Secretariat itself). In addition, projections for new functions were included in areas that currently lack dedicated staff members

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<sup>1</sup> Board documents and meeting notes 2013–2017.

(notably, strategy, policy and knowledge management). The specific functional breakouts used in the evaluation are included in annex I to this document;

- (b) **Determine key drivers of work volume for each function:** key quantitative and qualitative drivers of work volume for each function were identified based on interviews within the Secretariat. These included: the number and type of AEs; the number of readiness packages; Project Preparation Facility (PPF) packages; concept notes; funding proposals; accreditation master agreements; funded activity agreements; and the proportion of time spent on policy papers for the Board.
- (c) **Project the annual size of each driver of work volume:** the work volume of each driver was projected using a combination of historical data, stakeholder interviews and internal Secretariat projections. Based on assumptions of the growth in number and type of AEs, the internal projections accounted for: (i) the proportion that will be active in submitting concept notes or funding proposals; (ii) the frequency of submission; (iii) the expected number of submissions; and (iv) the expected time lag between accreditation and submission. In that regard, the number of AEs was assumed to grow from 54 in 2017 (as of B.17) to approximately 120 entities in 2020, and along with that growth, the Secretariat's project-related workload is projected to double to approximately 310 concept notes and 190 funding proposals in 2020. In addition, the number of PPF packages is projected to grow in parallel with the number of funding proposals, and the number of readiness/national adaptation plan (NAP) packages is expected to grow to 260 in 2018;
- (d) **Translate work volume into number of full-time equivalents required for each function:** a low and high scenario projection of the required capacity for each function was then developed using a combination of capacity modelling, stakeholder interviews and benchmarking of comparable organizations.<sup>2</sup> The estimated baseline capacity in both low and high scenarios take on board the Secretariat's planned 2018 initiatives which will require a move towards greater upstream engagement with national designated authorities and AEs; and
- (e) **Consider and apply projected efficiency gains from introduction of new ICT systems:** finally, the projections also assume a reduction in required staffing as a result of new ICT systems that are projected to become operational each year within the next three-year time horizon, and applied these to the baseline capacity projections.

28. Based on these factors, Dalberg estimated that the Secretariat should set a 2018 staffing target of between 237 and 294, and assumed estimated needed growth by 2020 to be between 305 and 387.

## VIII. Secretariat's recommendation on a 2018 staffing target

29. The Secretariat provided extensive input to the framework and data used by Dalberg to reach projected staffing requirements. The SMT carefully reviewed all the assumptions used, including those related to ICT benefits and those projected to be necessary for staffing the recommended new units. It also considered efficiencies that could be gained through greater use of cross-secretariat teams, and through possible Board changes to key policies such as the adoption of a simplified approval process. Finally, it reviewed Dalberg's staff projections on a

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<sup>2</sup> Benchmark organizations included: Adaptation Fund; Asian Development Bank; CDC Group; Climate Investment Funds; Global Alliance for Vaccines and Immunization; Global Environment Facility; Global Fund to Fight AIDS, Tuberculosis and Malaria; International Fund for Agricultural Development; and the Multilateral Fund for the Implementation of the Montreal Protocol. Related benchmarking took into account the related need for some functions to be larger or smaller given their specific operational context.

functional basis, and compared them to the independent assessments made by each unit manager within the Secretariat.

30. As a result, the Secretariat is requesting the Board to endorse a 2018 staffing target of 250, which is lower than the middle of the range recommended by Dalberg. This request takes into account, among other things, the Secretariat's ambitions for increased efficiencies, the Secretariat's assumptions related to the proposed short-term structural changes and the Secretariat's projection that ICT initiatives projected to be completed in 2018 will have a moderate impact on reducing 2018 Secretariat staffing needs.

31. The Secretariat intends that project cycle-related staffing take a priority in allocation of new staff. Details of phased prioritization plans of recruitment and its related budget are outlined in the B.18 document titled "Work Programme of the Secretariat 2018 and administrative budget" (under preparation).

## IX. Evaluation of the Secretariat's structure and related proposed actions

32. To enable a robust consideration of options for optimizing the structure of the Secretariat, the Secretariat collaborated with Dalberg on the development of seven evaluative principles:

- (a) **Country-driven:** The GCF is mandated to promote and strengthen engagement at the national/subnational level through coherence in planning and to provide for resources related to readiness and preparatory support;
- (b) **Risk-taking:** The GCF has expressed a willingness to take greater risks, such as with very large or proof-of-concept projects that are transformative; the Secretariat must ensure that funds are disbursed quickly while maintaining the reputation of the GCF;
- (c) **Complementarity:** The GCF has been directed to strive to ensure that its work complements the activities of other comparable climate financing mechanisms, promotes the participation of stakeholders in its activities, and effectively utilizes the expertise of existing partners to reach scale;
- (d) **Scalability and flexibility:** To promote a transformational, global paradigm shift towards low-emission and climate resilient development pathways, GCF must appear to be scalable. GCF operations must also remain flexible and evolve with time and in accordance with the Secretariat's scale and maturity;
- (e) **Efficiency:** The Secretariat's processes, procedures, structure and organization must be kept simple and streamlined with clear roles and responsibilities and improved interdivisional cooperation and collaboration;
- (f) **Inclusion of a private sector focus:** The GCF is mandated to promote the participation of private sector actors in developing countries and should directly and indirectly finance private sector participation in mitigation and adaptation activities; and
- (g) **Impact-driven:** The GCF must make a significant and ambitious contribution to the global efforts towards holding the global increase in temperature to well below 2°C above pre-industrial levels.

33. Further, and taking into account Dalberg's work, the Secretariat concluded that it was facing a number of challenges, which could be broadly classified into the following four areas:

- (a) **Structure:** Some programmes may be placed further away from their optimal position (e.g. PPF/Enhanced Direct Access), thus limiting their effectiveness and value; and due

to the absence of an External Affairs Division, the GCF communications and outreach strategy may not be sufficiently strategic;

- (b) **Capacity:** High turnover rates, particularly at the senior level, have adversely affected the development of the corporate culture and weakened institutional memory; staff are overburdened and current capacities are inadequate to ensure consistency in the submission of high-quality deliverables; and the creation and filling of posts should be defined by and prioritized within an overarching strategy;
- (c) **Systems and tools:** Smaller staff numbers and a smaller portfolio have led to limited joint work programmes. Further, GCF began operations without clear-cut policies so had to create interim policies. Key performance indicators, joint target-setting, and mutually reinforcing performance measurement tools could allow for more formal and accountable interdivisional collaboration; and
- (d) **Roles and responsibilities:** There is a need for clearer standard operating procedures and delineation of roles, responsibilities and decision-making processes.

34. Taking into account the factors listed in the above, Dalberg presented a set of potential short- and long-term proposals for the Secretariat to consider. These proposals were discussed in detail in a series of SMT workshops, and were the subject of further SMT consultations. On that basis, the Secretariat is seeking Board endorsement of the following set of proposed short-term structural changes:

#### **Short-term changes: timeline for implementation of between three and 24 months**

- (a) Create a full-time, stand-alone Deputy Executive Director position which will be responsible for: overseeing the day-to-day operations of the Secretariat, including overseeing the coordinated implementation of the Board's decisions; ensuring the effective and prudent execution of the 2018 Work Programme and Budget; and, in coordination with the Support Services Division/Human Resources, managing the strategic recruitment of approximately 100 additional new positions. Hiring an experienced Deputy Executive Director will free up the Executive Director's time and allow the Executive Director to focus more on policy, strategic outreach, negotiation, and replenishment-related issues;<sup>3</sup>
- (b) Establish an External Affairs division. At B.13, the Board decided that the Secretariat's capacity in communications and outreach should be further developed. In line with this decision, and with the finding of this report, it is proposed to establish an External Affairs division. The Secretariat's management of relationships with other organizations, governments and civil society is spread through all divisions. Coordination and strategic direction are missing. Indeed, external communications are important for distributing information on the GCF and its programmes, generating external support for GCF and its activities, and for attracting partner organizations. Toward those ends, the External Affairs Division would be responsible for developing and overseeing implementation of the GCF communications strategy, as well as for strategic engagement with all external actors, executive messaging, website, social media management, media relations, and outreach activities. Regarding outreach activities, this division would take on responsibility for managing logistics of GCF organized events. This joining of these tasks will enhance knowledge management and help the Secretariat's communications efforts to become more strategic and targeted. Other divisions will continue their work with stakeholders, assisted by the strategic framework and information gathering of the External Affairs Division. Over time, the division would also take responsibility for protocol matters;

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<sup>3</sup> Note: the Board expressed its support for this step at B.17 and recruitment action is in hand.

- (c) Rename the Office of the Secretary to the Board to Governance Affairs and strengthen its ability to: act as a centre of knowledge management for governance issues related to the Board, including serving as an institutional memory for new Board members and Co-Chairs and tracking all Board decisions; implement the framework on complementarity and coherence with a view to building relationships with other climate funding bodies and effectively leveraging GCF resources to maximize climate benefits; and serve as the focal point for maintaining strong institutional relationships with the United Nations Framework Convention on Climate Change;
- (d) Establish a more formalized and accountable joint work programming process (e.g. joint incentives, joint key performance indicators and mutually reinforcing performance measurement systems) through the implementation by the Support Services Division of a results-based performance management system, to monitor and strengthen collaboration and improve lateral communications between and among the three substantive divisions (Country Programming, Mitigation and Adaptation, and Private Sector Facility); and
- (e) Establish anchor positions to help coordinate strategic planning and knowledge management systems within the Secretariat. While the responsibility for strategy and policy should continue to reside with all functions of the Secretariat, a dedicated staff person will be responsible for overseeing the institutional strategy of the GCF and implementing a results-based performance management framework and establishing standard operating procedures to provide the basis for teams to translate the GCF Strategic Plan and the Board’s Work Plan into operationalized strategies. Regarding knowledge management, the Secretariat recognizes that there is an acute need at present to ensure consistency in information provided by different areas of the Secretariat. It will become increasingly important as the GCF grows and generates more information. As is the case with strategic planning discussed above, the Secretariat believes the responsibility for knowledge management should sit with all members of the Secretariat, but there should be a dedicated staff member whose sole responsibility is to coordinate the collection, storage and management of internally generated knowledge and information. The Secretariat believes these changes could enhance both Secretariat efficiency, and support the growth of a more team-oriented culture.
35. The Dalberg report also included suggestions for a set of long-term structural changes. Given the current state of the Secretariat and expectations for significant growth and change within the next 12 months, the Secretariat decided to focus on the items listed above, and to consider long-term changes at a future time.

## **X. Indicative functional mapping of Secretariat staffing assuming an agreed staffing target of 250**

36. The projected capacity of staffing is shown below in project cycle-related and non-project cycle-related functions, in tables 5 and 6, respectively.

**Table 5: Projected capacity for project cycle-related functions**

<b>Function</b>	<b>Indicative 250 scenario (FTEs, 2018)</b>	<b>Source of low scenario estimate</b>	<b>High scenario (FTEs, 2018)</b>	<b>Source of high scenario estimate</b>
EDA	2	Capacity projection model	2	Capacity projection model

PPF	3	Capacity projection model, based on variation in input	3	Capacity projection model, based on variation in input
Readiness	6	Capacity projection model, based on variation in input	6	Capacity projection model, based on variation in input
ESS & Gender	4	Global Fund benchmark of ~2% of staff headcount	5	Capacity projection model
Accreditation	9	Capacity projection model	9	Capacity projection model
Country operations	14	Capacity projection model, based on variation in input	14	Capacity projection model, based on variation in input
Finance	12	Capacity projection model, based on variation in input	15	Capacity projection model, based on variation in input
Project monitoring	12	Interviews with Secretariat staff	15	Interviews with Secretariat staff
Legal support (project-related)	12	Capacity projection model	12	ADB benchmark of 22 active projects per lawyer
Risk and compliance	11	ADB benchmark of 23 active projects per risk staff member with adjustment to account for institutional risk and compliance	13	As in low scenario, but with assumed growth of the compliance function to 4 FTEs in 2018 rather than 3 FTEs
Private sector proposal review	23	Interviews with Secretariat staff	23	Interviews with Secretariat staff
Public sector proposal review	40	Capacity projection model, based on variation in input	40	Capacity projection model, based on variation in input
Team assistants	16	Capacity projection model, based on variation in total staff headcount	19	Capacity projection model, based on variation in total staff headcount
<b>Total</b>	<b>164</b>		<b>176</b>	

*Abbreviations:* ADB = Asian Development Bank, EDA = enhanced direct access, ESS = environmental and social safeguards, FTEs = full-time equivalents, PPF = Project Preparation Facility.

**Table 6: Projected capacity for non-project cycle-related functions**

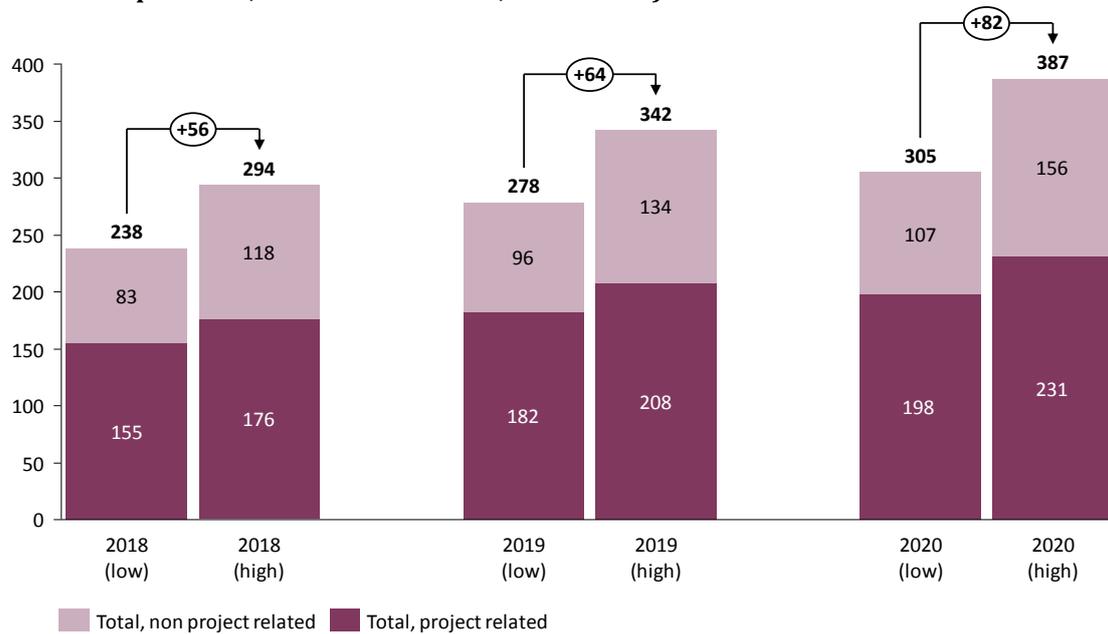
<b>Function</b>	<b>Indicative 250 scenario (FTEs, 2018)</b>	<b>Source of low scenario estimate</b>	<b>High scenario (FTEs, 2018)</b>	<b>Source of high scenario estimate</b>
IDP & Guidelines for Participation	1	Interviews with Secretariat staff	1	Interviews with Secretariat staff
Climate policy	5	Interviews with Secretariat staff	5	Interviews with Secretariat staff
Board-related activities	6	Global Fund benchmark of ~1% of staff headcount with adjustment made for Board support unit	8	Interviews with Secretariat staff

Internal audit	3	Interviews with Secretariat staff	9	GAVI benchmark of ~4% of staff headcount
Legal support (institutional)	5	Interviews with Secretariat staff	5	Interviews with Secretariat staff
Resource mobilization	4	Interviews with Secretariat staff	11	GAVI benchmark of ~4% of staff headcount
Human resources	8	Interviews with Secretariat staff	14	Global Fund benchmark of ~5% of staff headcount
Procurement	5	Interviews with Secretariat staff	5	Interviews with Secretariat staff
Administration	9	Interviews with Secretariat staff	10	Interviews with Secretariat staff
ICT	11	Modified Gartner industry benchmark of ~5% of staff headcount	14	Modified Gartner industry benchmark of ~5% of staff headcount
Executive direction	6	Interviews with Secretariat staff	6	Interviews with Secretariat staff
Communications, outreach and partnerships	10	Global Fund benchmark of ~4% of staff headcount	13	Interviews with Secretariat staff
Strategy and policy	3	Global Fund benchmark of ~1% of staff headcount	4	Global Fund benchmark of ~1% of staff headcount
Knowledge management	1	GEF and Adaptation Fund benchmark of minimum 1 FTE	1	GEF and Adaptation Fund benchmark of minimum 1 FTE
Team assistants	9	Capacity projection model, based on variation in total staff headcount	12	Capacity projection model, based on variation in total staff headcount
<b>Total</b>	<b>86</b>		<b>118</b>	

*Abbreviations:* FTEs = full-time equivalents, GAVI = Global Alliance for Vaccines and Immunization, GEF = Global Environment Facility, IDP = Information Disclosure policy.

37. Figure 1 below presents a low and high FTEs scenario for 2018 of 238 (low) and 294 (high) projected by Dalberg. After a series of consultations and thorough analysis by the SMT, it was agreed that the required staffing figure is 250 by 2018.

**Figure 1: Projected increase in size of GCF Secretariat, by function, across low and high scenarios (full-time staff positions, absolute difference, 2018–2020)**



## **XI. Long-term options for the Secretariat’s organizational structure**

38. We do not canvass here Dalberg’s proposals for long-term changes to the structure. Nor do we offer any proposals from the Secretariat. We must concentrate more on ensuring that staffing arrangements fully support our key priorities and that cross-Secretariat functions are performed efficiently. Any focus on potential long-term changes would distract from these immediate objectives.

## **XII. Conclusions**

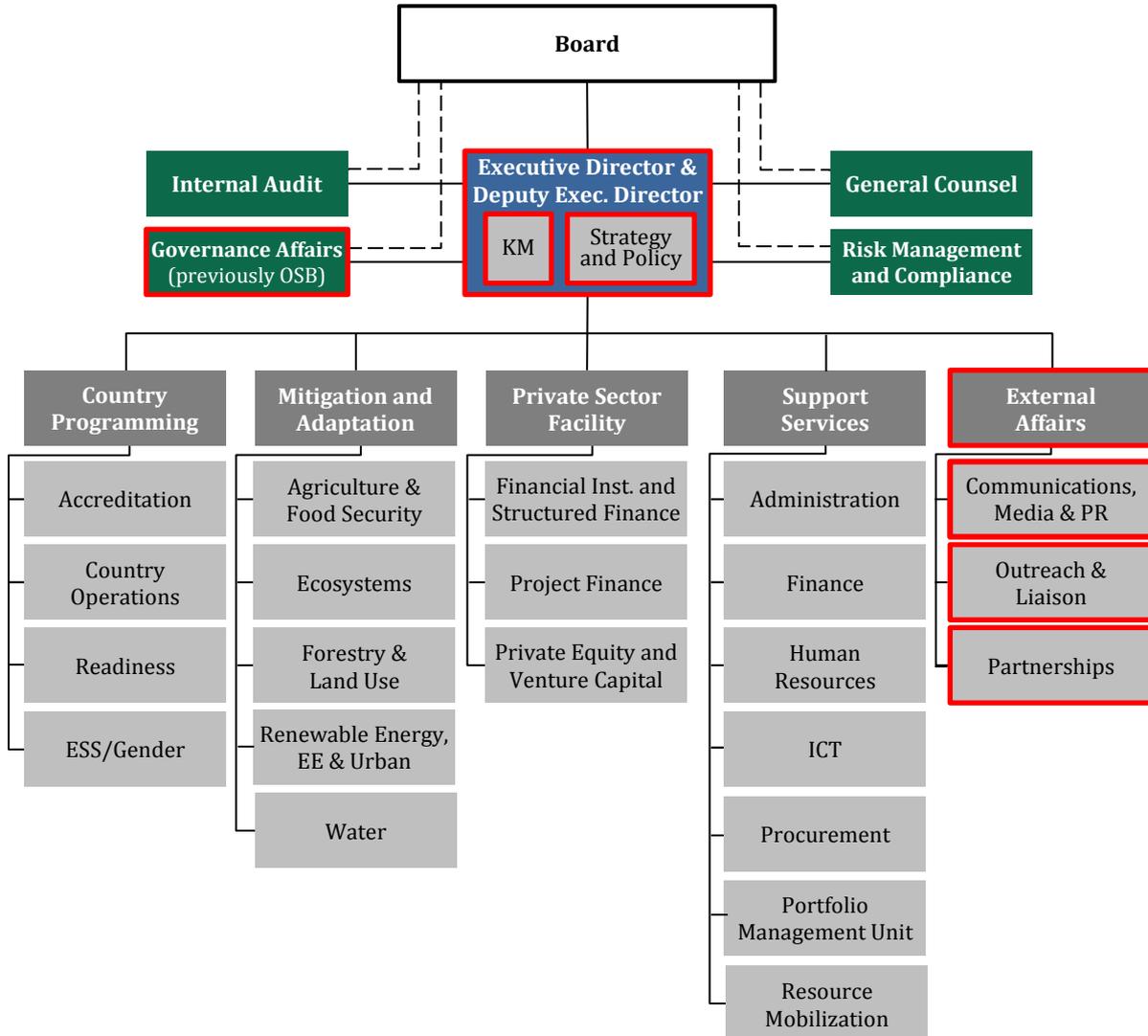
39. We seek the Board’s approval for the proposed new short-term arrangements for the GCF Secretariat, as outlined above. An organizational chart is attached.

## **Annex I: Draft decision of the Board**

The Board, having considered document GCF/B.18/10 titled “Structure and Staffing of the Secretariat”:

- (a) Notes the contents of document GCF/B.18/10;
- (b) Agrees to and adopts the proposed head-count of full-time equivalent employees of 250 for 2018; and
- (c) Agrees to and adopts the new proposed structure as shown in annex II.

## Annex II: Proposed new organizational chart of the GCF Secretariat (from 3 months to 24 months)



**Key:** Offices Divisions Focal Areas Adjusted Elements

*Abbreviations:* EE = energy efficiency, ESS = environmental and social safeguards, ICT = information and communications technology, KM = knowledge management, PR = public relations.

## **Annex III: Dalberg Report**



# **ACCELERATING THE CAPACITY BUILDING OF THE GCF SECRETARIAT**

FINAL REPORT

SEPTEMBER 1, 2017

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## EXECUTIVE SUMMARY

The Green Climate Fund (GCF) was established in December 2010 with the purpose of making a significant and ambitious contribution to combatting climate change. GCF is governed and supervised by a Board that is responsible for funding decisions and is supported by a Secretariat that executes the day-to-day operations of the Fund. As GCF has increased its operational scale, the Secretariat's responsibilities and activities have increased both in number and complexity. This has exposed several challenges, some of which could impact GCF's ability to deliver on its mandate and strategic priorities. In response to these challenges, the Secretariat is seeking ways to improve its delivery capacity and organize its structure to deliver on its mandate.

In order to answer these questions, it is necessary to analyze GCF's accomplishments, challenges, and considerations for the future on two different levels: the business model and the operating model. The business model defines how GCF generates value and embodies the Fund's high-level strategic decisions, including how it interacts with stakeholders. The operating model defines how GCF organizes itself to deliver that value. Before optimizing the operating model, the underlying business model must be clearly defined, as any changes to the business model can have significant implications on the operating model.

The objective of this report, therefore, is to:

- i. Provide an overview of GCF's current business model and related challenges;
- ii. Present considerations for potential responses to these challenges;
- iii. Provide an overview of GCF's current operating model (capacity/structure) and related challenges;
- iv. Present required capacity and short-term and long-term considerations for the Secretariat's structure to best position it to deliver on GCF's mandate and current business model.

The recommendations presented in this report are the result of Dalberg's independent analysis and aim to advise the Secretariat's decision making on how to accelerate its capacity building to deliver on its strategy.

### KEY DESIGN PRINCIPLES

There are seven principles that guided Dalberg's review on how to accelerate the capacity-building of the Secretariat. These reflect factors that are core to GCF's mission and day-to-day operations, and have been distilled from the Governing Instrument, Board decisions, and best practices in other multilateral organizations:

- **Country-driven:** Promote and strengthen a country-driven approach.
- **Risk-taking:** Balance the need to take risks with the protecting its reputation.
- **Complementary:** Complement and promote the activities of other stakeholders in the fight against climate change.
- **Scalable and flexible:** Ensure it is scalable and flexible to evolve with changing needs.
- **Efficient:** Ensure a simple, streamlined and efficient operating model.
- **Inclusion of a private sector focus:** Promote participation of the private sector.
- **Impactful:** Make a significant contribution to international efforts to keep the global increase in temperature well below 2°C above pre-industrial levels.

## **GCF'S CURRENT BUSINESS MODEL: EMERGING CHALLENGES AND POTENTIAL RESPONSES**

While GCF has made progress in contributing to combatting climate change, the Fund's current business model has not achieved the desired results. For example, while being country-driven is core to GCF's mandate, many stakeholders perceive countries' roles to be limited in practice. Additionally, many believe that GCF's emphasis on ex-ante risk management has resulted in a portfolio of projects that do not clearly meet GCF's transformative objectives. There is also general agreement among the Secretariat that GCF could be more efficient, particularly in its accreditation and funding proposal review process, and could have greater engagement with the private sector.

GCF's challenges give rise to questions around the effectiveness of its current business model. These questions focus on two key aspects of its business model: accreditation and review of funding proposals. For accreditation, GCF has an opportunity to better frame the role that accredited entities (AEs) play in its business model; either as strategic partners or primarily as funding channels through which projects get implemented. Positioning AEs as strategic partners will reduce the focus on the number of AEs but increase the average level of engagement. If AEs are primarily intended as funding channels, GCF may want to accredit as many AEs as possible to increase the likelihood of receiving paradigm-shifting proposals. GCF's current practice of doing both with processes that are designed for the strategic engagement of AEs is not sustainable.

GCF also needs to consider what role it wants to play in reviewing funding proposals. It could act as a 'gate keeper', using a selective approach to only consider projects that contribute towards its objectives, or as a 'facilitator', processing as many proposals as possible while retaining some ability to ensure quality and manage the portfolio against GCF's targets. The 'gate keeper' role could be played by the Secretariat, which could prioritize all incoming concept notes and funding proposals; the Board, which means that the Secretariat would continue to review all incoming proposals; or a hybrid of the two, whereby the Secretariat has the authority to prioritize certain projects (e.g., below an investment size threshold). The 'gate keeper' role would allow GCF to focus its efforts on the most promising proposals, reducing its workload and associated need for capacity.

These potential changes to the business model will have significant implications for the operating model and required capacity. In light of evolving discussions and resulting uncertainty around business model changes, Dalberg focused its analysis on the operating model required to deliver on the current business model, while highlighting the necessary changes to the operating model should GCF decide to change the business model. Specifically, Dalberg has accounted for strategic priorities that have already been agreed upon, such as the need for increased upstream engagement, but has assumed no major changes to the accreditation and funding proposal review process.

## **GCF'S CURRENT OPERATING MODEL: EMERGING CHALLENGES AND RECOMMENDED RESPONSES**

The Secretariat currently faces several challenges with its operating model. Its structure does not facilitate an efficient use of resources across the Secretariat as there are barriers to collaboration and a lack of dedicated staff in several important functions such as external affairs, strategy and policy, and knowledge management. It also faces some capacity-related challenges with the growing workload, partially due to high turnover rates and difficulties in recruiting new staff.

To ensure that the Secretariat is optimally resourced to deliver on its mandate, and in direct response to some of the challenges facing the Secretariat, Dalberg estimates that the Secretariat will need to grow its capacity from 114 full-time equivalents (FTEs) as of B.17 to between 305 and 387 FTEs by

2020. This capacity could be filled by a combination of additional staff, consultants, and other types of outsourcing. This growth is projected based on the increasing number of AEs, concept notes and funding proposals over the next three years.<sup>1</sup> The largest functions in 2020 are expected to be public sector proposal review (47-52 FTEs), private sector proposal review (23 FTEs), and project monitoring (18-23 FTEs). The proportion of staff in project cycle-related functions is expected to grow from 57% of the Secretariat (as of B.17) to more than 60% by 2020.

Using the key design principles, and in direct response to some of the challenges above, Dalberg recommends several structural adjustments that GCF should consider to ensure its capacity is optimally organized. Following consultations with Secretariat leadership, Dalberg has taken the approach of finetuning the existing structure in the short term to minimize disruption to GCF's activities. The short-term changes are implementable within the next year, and include the following:

- **Create position of the Deputy Executive Director (approved at B.17).**<sup>2</sup> The Executive Director (ED) is stretched between engaging GCF's stakeholders and building up the Secretariat. Redistributing some of the ED's workload to a Deputy Executive Director (DED) would reduce the time pressures facing the ED, and allow for a greater focus on building external relationships and providing strategic guidance to the Secretariat.
- **Establish External Affairs division.** As GCF's visibility and influence grows, there is an opportunity for its external communications to be more strategic and targeted. The External Affairs division will be responsible for all activities currently conducted by the Communications & Outreach team, and would also be responsible for managing strategic partnerships with non-project and non-governance related entities, managing relationships with current and potential contributors, and managing logistics of GCF-organized events.
- **Rename Office of Secretary to the Board (OSB) and build capacity to provide enhanced support to the Board.** OSB should be renamed (e.g., to "Governance Affairs") to better reflect its mandate, which is broader than serving as secretary to the Board. In addition, given the anticipated election of new Board members and Co-Chairs, OSB could build capacity to support a smooth handover between the Co-Chairs, ensuring that GCF's institutional memory is retained and shared with new members.
- **Establish Strategy & Policy function.** Due to the challenges with the business and operating model, GCF Leadership has little time to step back from tactical decision making. GCF should establish a Strategy & Policy function within the Office of the Executive Director (OED) to help GCF Leadership focus on its strategy. This function would facilitate the process of defining and monitoring the institutional strategy of the Fund.
- **Establish Knowledge Management function.** The Secretariat currently lacks dedicated staff members that are responsible for coordinating the collection, storage and management of internally-generated knowledge and information. GCF could consider establishing an overarching Knowledge Management (KM) function within the OED to serve as a coordinator of this function.
- **Create joint workplans and objectives to incentivize stronger collaboration across teams, and accelerate the use of project-based teams during the funding proposal review process.** Collaboration across divisions within the Secretariat is currently limited due to capacity constraints and a lack of structural incentives. GCF should move to a results-based workplan, which would

<sup>1</sup> By 2020, the number of AEs is projected to grow from 54 (as of B.17) to 117-121. These AEs are expected to submit ~310 concept notes and ~190 funding proposals in 2020.

<sup>2</sup> Decisions of the Board – seventeenth meeting of the Board, 5-6 July 2017 (FCF/B.17/21): Decision B.17/20

ensure a shared ownership of targeted outcomes between different functions of the Secretariat. For the funding proposal review process, specifically, GCF should set joint objectives by accelerating the use of project-based teams, which may help increase ownership and efficiency.

- **Move responsibility for EDA and PPF from CPD to DMA.** The responsibility for processing and reviewing Enhanced Direct Access (EDA) and Project Preparation Facility (PPF) proposals currently sits with the Country Programming Division (CPD), although the skillsets required are similar to those held by the proposal review teams. Both functions should be moved to the Division of Mitigation and Adaptation (DMA) to increase operating efficiency and enhance collaboration.
- **Establish internal cross-divisional committee to review all incoming funding proposals.** To reduce the overall time invested in reviewing funding proposals, GCF should extend the role of the SMT, or establish a separate committee with representation of the project cycle functions, to conduct an initial review of all funding proposals and concept notes to prioritize those for a full review.

In the long-term (one to three years), the suggested changes for consideration include:

- **Establish Public and Private Sector Portfolio Development division and incorporate all proposal review functions.** To ensure greater coordination in upstream engagement, collaboration and sharing of expertise between all the proposal review functions, GCF should establish a division responsible for managing the entire funding proposal review process from submission to first disbursement, including EDA and PPF (currently in CPD) and public and private sector proposal review functions (currently in DMA and PSF).
- **Establish Portfolio Management division.** The portfolio monitoring function currently sits within the Division of Support Services (DSS), limiting knowledge sharing and engagement with the project management cycle. As the volume of approved projects and disbursements, and therefore the workload of the Portfolio Management Unit (PMU) grows, GCF should establish a separate Portfolio Management division responsible for setting monitoring and evaluation (M&E) guidelines and monitoring projects.
- **Enhance regional capacity.** GCF should continue to enhance its regional presence by extending the network of regional advisors and technical consultants that help countries and AEs to develop robust work programs. It could also establish more formal regional presences by establishing strategic partnerships or regional hubs.

## I. INTRODUCTION

**The Green Climate Fund (GCF) aims to drive a paradigm shift in the global response to climate change by catalyzing a flow of climate finance to invest in low emission and climate resilient development.** GCF aims to mobilize up to USD 100 billion by 2020 for projects in climate mitigation and adaptation. It has currently raised more than USD 10 billion and committed over USD 2 billion towards projects. GCF is governed and supervised by a Board that is responsible for funding decisions and is supported by a Secretariat that executes the day-to-day operations of the Fund. The Secretariat's activities are guided by the Initial Strategic Plan for the Green Climate Fund (hereinafter referred to as the "Strategic Plan"), approved by the Board in March 2016.<sup>3</sup>

**As a new entity with a critical mandate and high expectations from the international community for immediate and impactful action, the pressure on GCF, and the Secretariat in particular, has been significant.** The Secretariat's responsibilities and activities have increased in number and complexity since GCF was fully operationalized, revealing new challenges that potentially hinder the Secretariat from delivering effectively on the Strategic Plan. In general, there is an agreement about what these challenges are, and the pressing need to address them. In response to these challenges, the Secretariat is seeking ways to improve its delivery capacity and organize its structure to deliver on its mandate.

**To answer these questions, it is necessary to analyze GCF's accomplishments, challenges, and considerations for the future on two different levels: the business model and the operating model.** The business model defines how GCF generates value and embodies the Fund's high-level strategic decisions, including how it interacts with stakeholders. The operating model defines how GCF organizes itself to deliver on the business model. Before optimizing the operating model, the underlying business model must be clearly defined, as any changes to the business model can have significant implications on the operating model.

**This report examines challenges with GCF's current business model and highlights aspects that could benefit from clarification, before examining challenges with the current operating model and providing recommendations on the capacity and organizational structure of the Secretariat.**<sup>4</sup> Following an assessment of business model challenges, Dalberg has shared considerations around how the accreditation and funding proposal review models could benefit from clarification. Dalberg has then projected the capacity required for the Secretariat to deliver on its mandate and shared considerations for how this should be organized in the short-term and long-term. Dalberg's insights have been informed by interviews with members of all functions of the Secretariat, Board members and Board-related stakeholders, accredited entities (AEs), national designated authorities (NDAs), and benchmark organizations, as well as a review of previous Board documents and decisions. The considerations presented in this report are a product of Dalberg's independent analysis, and are meant to inform the Secretariat's decision-making around the optimal structure and capacity required to deliver on GCF's current business model.

**GCF will likely need to update the Secretariat's organizational design as its strategic priorities and the Secretariat's scope of work change.** GCF's Strategic Plan is a living document and as GCF's strategic vision evolves, the core operational priorities and action plan will need to be updated. As this

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<sup>3</sup> Report on the development of the Draft Strategic Plan for the Green Climate Fund: Submission from the ad hoc group of Board / Alternate members (GCF/B.12/06)

<sup>4</sup> This report builds on the initial document submitted to the Board for its seventeenth meeting, focused on Dalberg's emerging perspective on short-term structural options. Please see Report on the status of the staffing of the Secretariat (GCF/B.17/INF.03) for this report.

will have significant implications on the Secretariat's scope of work and associated capacity requirements, the Secretariat will need to remain flexible and periodically adjust its structure and size to continue to deliver GCF's vision and strategy.

## II. PRINCIPLES UNDERPINNING THE REVIEW

There are seven principles which have guided Dalberg’s understanding around how GCF functions and the challenges it faces today, both on a business and operating model level. These principles have been distilled from the guidance outlined in GCF’s Governing Instrument, past Board decisions and discussions, and best practices used by other multilateral organizations. GCF’s current business model was designed to optimally deliver on these principles, as they reflect factors that were core to GCF’s creation. These principles are as follows:



**Country-driven.** GCF has a mandate to pursue a country-driven approach and strengthen engagement at the country-level through effective involvement of relevant stakeholders. It should promote coherent planning at the national-level, and provide resources for readiness activities and technical assistance.



**Risk-taking.** GCF must balance its willingness to take risks, such as on very large projects or proof-of-concepts that could be transformative, with the need to maintain its reputation.



**Complementary.** GCF must complement and, where appropriate, enhance the activities of other relevant funding mechanisms and institutions to better mobilize the full range of financial and technical capabilities to tackle climate change. GCF should also promote the input and participation of stakeholders, including private sector actors, civil society organizations and vulnerable groups (e.g., minority communities, indigenous peoples, socially excluded groups), in the design, development, and implementation of its activities. It should effectively utilize existing organizations and programs to increase its reach and scale.



**Scalable and flexible.** To promote a transformational, global paradigm shift towards low emission and climate resilient development pathways, and become the main global fund for climate change finance, GCF must be scalable. GCF’s operations and structure must be flexible and evolve with its scale and maturity and in response to country-driven demands, to ensure it remains as effective and efficient as possible.



**Efficient.** GCF’s processes, procedures, structure, and organization must be simple and streamlined with clear roles and responsibilities, ultimately ensuring GCF’s cost-effectiveness and ability to work effectively with partners.



**Inclusion of a private sector focus.** GCF has a mandate to promote the participation of private sector actors in developing countries, and must directly and indirectly finance private sector mitigation and adaptation activities through local actors, micro, small and medium-sized enterprises (MSMEs), and local financial intermediaries.



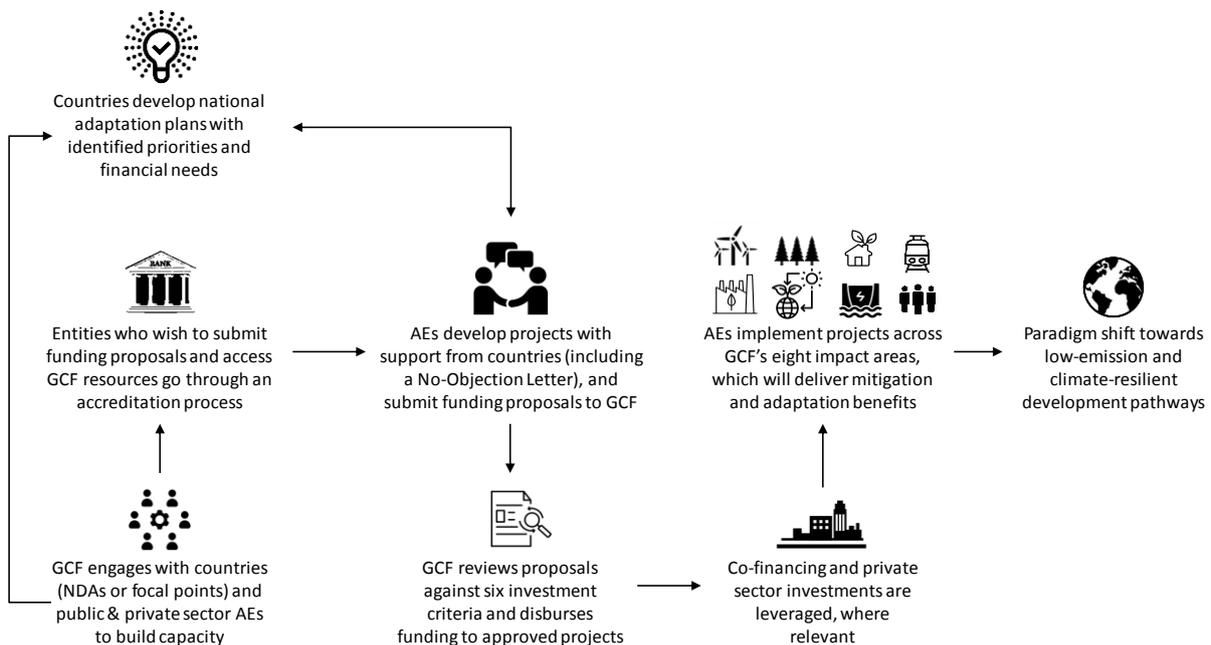
**Impactful.** GCF must maximize the impact of its funding to make a significant and ambitious contribution to the international efforts to combat climate change, including the goal to keep the global increase in temperature well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C.

### III. GCF'S BUSINESS MODEL – HOW GCF CREATES VALUE FOR ITS STAKEHOLDERS

#### 3.1 AN OVERVIEW OF THE CURRENT BUSINESS MODEL

GCF seeks to create a paradigm shift in climate finance with the aim of supporting developing countries to mitigate, and adapt to, climate change. In order to achieve this goal, GCF utilizes several financial instruments such as grants, loans, guarantees, and equity, and catalyzes a flow of finance to public and private sector actors who contribute towards low emission and climate resilient development. In particular, GCF views the private sector as being able to play a key role in this process.

*Figure 1. Illustration of GCF's current business model*



**GCF engages with NDAs/focal points and AEs in each country to support the development of country programs and a pipeline of project funding proposals.**<sup>5</sup> As country ownership is at the core of GCF's mandate, many view this as an essential step in developing the project pipeline. To channel its financial resources, GCF works through AEs; a wide range of national, regional and international implementing entities that must go through an accreditation process to demonstrate that they meet GCF's fiduciary standards and environmental, social, and gender safeguards.<sup>6</sup> As of B.17, GCF has 54 AEs, 27 of which are International Access Entities (IAEs)<sup>7</sup> and 27 of which are Direct Access Entities (DAEs).<sup>8</sup> To ensure that these AEs can develop pipelines of public and private sector projects that meet nationally identified priorities and the Fund's requirements, GCF also works with AEs to develop a work program in consultation with NDAs or focal points at the project inception stage.

**There has been an increasing emphasis on GCF's role in project inception, in alignment with priorities highlighted in GCF's Strategic Plan.** The Strategic Plan, approved by the Board in March

<sup>5</sup> Updated project and programme activity cycle, Decisions of the Board – Seventeenth meeting of the Board, 5-6 July 2017 (GCF/B.17/21)

<sup>6</sup> Governing Instrument for the Green Climate Fund. Annexed to decision 3/CP.17 presented in UNFCCC document FCCC/CP/2011/9/Add.1.

<sup>7</sup> International Access Entities can include United Nations agencies, multilateral development banks, international financial institutions and regional institutions. International Access Entities do not need to be nominated by developing country NDAs or focal points.

<sup>8</sup> Direct Access Entities are sub-national, national, or regional organizations that need to be nominated by developing country NDAs or focal points.

2016, highlights proactive pipeline development and taking a strategic approach to programming as two key priorities for GCF.<sup>9</sup> While GCF is still in early stages on delivering on these two priorities, it has been accelerating its efforts. In 2017, for example, the Secretariat set a target to support ten countries in their development of country programs, including business plans and sector programs,<sup>10</sup> and plans to expand this to 20-30 countries in 2018.<sup>11</sup> The Secretariat also has a target of providing direct technical support to five DAEs in 2017 to encourage more programmatic approaches to their funding proposal development.<sup>12</sup> Both of the 2017 targets have already been exceeded with CPD and DMA currently supporting 13 countries and 16 DAEs with strategic programming.<sup>13</sup>

**Once funding proposals have been submitted by AEs, the Secretariat is responsible for carrying out a second-level due diligence, before submitting the proposals to the Independent Technical Advisory Panel (ITAP), the Senior Management Team (SMT) and then the Board, which decides which projects get approved.** Prior to submitting funding proposals, AEs have the voluntary option of submitting concept notes. Once the Secretariat receives concept notes and funding proposals, it assesses their compliance with GCF's safeguards and policies. Following this assessment, the funding proposals are shared with the ITAP, which conducts a technical assessment of the project against activity-specific criteria, as defined in GCF's initial investment framework.<sup>14</sup> The proposals are then reviewed by the SMT before being submitted to the Board, which decides on whether to approve the funding proposal and, as necessary, identifies terms and conditions of the approval. Following the clearance of terms and conditions and first disbursement, the Secretariat engages in ongoing monitoring of projects. To date, GCF has approved 43 projects with a total value of USD 7.3 billion, including GCF's own contribution of USD 2.2 billion.<sup>15</sup>

**Ultimately, GCF aims to create impact in eight results areas through its investments.** These areas include reduced emissions from energy generation and access; transport; forests and land use; and building, cities, industries, and appliances; as well as increased resilience of health, food and water security; livelihoods of people and communities; ecosystems and ecosystem services; and infrastructure and built environment. GCF aims for a 50:50 balance between mitigation and adaptation investments over time, and aims to allocate a minimum of 50% of adaptation investments to particularly vulnerable countries, including least developed countries (LDCs), small island developing states (SIDS), and African states.<sup>16</sup>

## 3.2 EMERGING CHALLENGES

**The current business model is not achieving the desired results in several areas, as a result of some emerging challenges across the guiding principles.** Since its operationalization, GCF has made progress towards its goal of contributing to combatting climate change. However, there is general recognition of some strategic challenges, and the pressing need to address them to ensure that GCF

<sup>9</sup> Report on the development of the Draft Strategic Plan for the Green Climate Fund: Submission from the ad hoc group of Board / Alternate members (GCF/B.12/06)

<sup>10</sup> *SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals.*

<sup>11</sup> Country Programming Division: Work Programme 2018 (presented to SMT on 23 August 2017)

<sup>12</sup> *SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals.*

<sup>13</sup> 2017 CPD-DMA Strategic Engagement with Countries and Direct Access Entities / Regional Structured Dialogues / AE Pipelines.

<sup>14</sup> GCF/B.07/06: Investment Framework

<sup>15</sup> GCF website, "GCF sets funding proposal schedule", <http://www.greenclimate.fund/-/gcf-sets-funding-proposal-schedule?inheritRedirect=true&redirect=%2Fhome>, accessed 23 August 2017.

<sup>16</sup> Accreditation to the Green Climate Fund, February 2017

can meet its objectives. As GCF continues to mature as an organization, some of these challenges, which are intrinsically linked to the Fund's business model, are likely to grow more urgent.

**Country-driven.** Being country-driven is core to GCF's mandate, and it is important that funding proposals are firmly grounded in the national climate strategy of the affected country. The compulsory No-Objection Letter, provided by NDAs to applying AEs, aims to ensure this link. However, this mechanism is thought to be insufficient for ensuring that projects are truly country-driven and aligned with national climate priorities. The increase in upstream engagement will help to address this issue, but this will take time and there is still scope to ensure greater country ownership of projects.

**Risk-taking.** GCF must strike a balance between managing risks and ensuring that available funds are being used to finance transformational projects in the climate space. However, GCF does not have a consistent view on the appropriate level of risk to take. This has resulted in slow decision-making on accreditation agreements, funding proposals, and disbursements. For example, the accreditation process, which aims to ensure that potential AEs meet GCF's standards in financial management and environmental, social, and gender safeguards, is lengthy and complex. This has been an obstacle for some entities, particularly DAEs with less experience and track record of working with funds like GCF.

**Efficient.** GCF currently accredits any private or public, non-governmental, sub-national, national, regional, or international entity that meets its standards. Although GCF has decided to prioritize the accreditation of some entities,<sup>17</sup> it has not set any limits in terms of growth or the expected total number of AEs. This open-ended model, combined with a lengthy and complex accreditation process, has resulted in a backlog of entities waiting to be accredited. A recent paper submitted to the Board estimates that, with the current model, it will take between 2 and 4.5 years for GCF to process all applications that have already been submitted and about twice as long to process entities that have not yet submitted their applications.<sup>18</sup> The proposal review process is also perceived by some to be inefficient, as the Secretariat reviews all funding proposals submitted by AEs. While recent Board discussions have enabled the Secretariat to return funding proposals of insufficient quality once, the Secretariat currently does not have a mechanism to reject proposals. Reviewing a funding proposal can include as many as five iterative cycles with AEs which draws extensively on staff time.

**Inclusion of a private sector focus.** GCF's engagement with the private sector is an important part of achieving its objectives to create a paradigm shift. However, GCF has faced challenges in attracting a wide variety of private sector actors, partially due to the length and complexity of its accreditation process. While private sector projects tend to require larger volumes of funding, they only account for 11 of the 43 approved projects to date,<sup>19</sup> and it is unclear whether this proportion will increase.

**Impactful.** GCF has a mandate to make a significant and ambitious contribution to global efforts to combat climate change. Some stakeholders believe GCF could be more selective in funding projects that help achieve this objective. This could involve, for example, developing a clearer distinction between projects aimed at general socioeconomic development with a climate change angle, and projects that are designed specifically around the mitigation of, and adaptation to, climate change.

**Complementarity, scalability, and flexibility.** The challenges outlined above also hinder GCF from achieving maximum impact in complementarity, scalability, and flexibility, as they make it more difficult for GCF to engage with other funding mechanisms and institutions in the most effective way.

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<sup>17</sup> Decisions of the Board – fourteenth meeting of the Board, 12-14 October 2016: (GCF/B.14/17). Decision B.14/08

<sup>18</sup> Strategy on accreditation (GCF/B.14/09)

<sup>19</sup> iPMS Database (accessed July 2017)

### 3.3 HOW THE BUSINESS MODEL COULD EVOLVE IN RESPONSE

**GCF is already taking steps to overcome these challenges with the business model, particularly by increasing its upstream engagement.** Upstream engagement can facilitate greater country ownership and help to maximize the potential impact of GCF funding. While development of clearer guidance around results areas and eligibility criteria, as well as providing examples of model projects, could partially contribute towards these efforts, GCF's experience to date has shown that many NDAs and DAEs would benefit from a greater level of support in strategic programming. As such, GCF has implemented several initiatives to enhance its upstream engagement with NDAs and AEs. For example, a network of regional advisors has been hired to provide countries with support on strategic programming. In addition, CPD and DMA have agreed a joint workplan and objectives to support countries and DAEs to bring quality funding proposals to the Board. Staff from DMA and PSF also support their CPD colleagues by providing technical advice during regional structured dialogues. The implications of these options on the operating model is explored in greater detail in Section 4.3.

**The challenges outlined above give rise to questions around whether the current business model is effectively positioning GCF to deliver on its mandate.** These questions focus on two key elements of GCF's business model: accreditation and the review of funding proposals. These are particularly important as they represent entry points at which GCF can exert stronger influence on the volume and quality of projects. Any changes to these parts of the business model will have significant implications for the operating model, particularly for the projected required capacity of the Secretariat.

**For accreditation, GCF should clarify the role of AEs in the business model and in delivering GCF's mandate; either as strategic partners or primarily as funding channels for project implementation.**

- **Strategic partners:** If GCF envisions AEs as strategic partners, there may be a need to proactively manage the AE pipeline by engaging closely with those entities identified as strategic partners and guiding other entities on how they could partner with GCF in other capacities. This option would reduce the focus on number of AEs but would increase the average level of engagement, and could result in overall improvements to the quality of funding proposals and reduce the resources required by proposal review teams.
- **Funding channels:** If GCF envisions AEs primarily as funding channels, then GCF may want to accredit as many AEs as possible to increase the likelihood of receiving paradigm-shifting proposals. As a result, the Secretariat will need to continue growing to provide guidance to the growing pool of AEs and to process the increasing number of funding proposals. Under this option, there may be a need to simplify or streamline the accreditation process to allow a faster growth of the AE network.

**For funding proposal review, GCF should clarify its role as either a 'gate keeper' or 'facilitator', based on how selective it wishes to be in funding projects.** As a 'gate keeper', GCF would use a selective approach to only consider projects that contribute towards its objectives. As a 'facilitator', GCF would process as many proposals as possible while retaining some ability to manage the project pipeline. There are several ways to allocate these responsibilities between the Secretariat and the Board:

- **Secretariat as the 'gate keeper':** The Secretariat would review all incoming concept notes or funding proposals and screen for ideas that are most aligned with GCF's investment criteria. For the Secretariat to operate in this manner, it would need delegated authority from the Board to stop concept notes and funding proposals that do not meet these criteria from

progressing to the next stage. This approach would allow GCF to focus its efforts on the most promising proposals, reducing its workload and the associated need for capacity.

- **Board as the ‘gate keeper’:** If the Board plays the ‘gate keeper’ role, then the Secretariat would still need to process an increasing volume of funding proposals (assuming no major changes to accreditation), which would require an ongoing growth in Secretariat capacity.
- **Hybrid ‘gate keeper’ approach:** The Secretariat could act as a ‘gate keeper’ for certain projects (e.g., those below an investment size threshold), and the Board could play the ‘gate keeper’ role for all other projects.
- **Secretariat as a ‘facilitator’:** The Secretariat would review all incoming funding proposals while retaining the ability to ensure quality and manage the portfolio against GCF’s targets. This approach will result in an increasing workload volume for the Secretariat, requiring continuous growth in staff capacity to avoid backlogs and associated reputational risks. This option is also likely to increase workload of the Board, as it would need to review the growing volume of funding proposals, and may also lead to more frequent cases of rejection.

The role of ‘gate keeper’, whereby GCF uses a selective approach to only fund projects that contribute towards its objectives, is likely to become more important given the recent developments in the global climate financing landscape and the likelihood that demand for funding may soon exceed the supply of available funds.

**In light of the evolving discussions and resulting uncertainty around these changes, Dalberg focused its analysis on the operating model required to deliver on the current business model, while highlighting the necessary changes to the operating model should GCF decide to change the business model.** Dalberg has accounted for strategic priorities that have already been agreed upon in its analysis and recommendations, such as the need for increased upstream engagement, but has assumed no major changes to the accreditation and funding proposal review process given GCF’s evolving perspectives on the matters. For example, GCF has held discussions about potential alternatives to the existing accreditation model, including a minimum requirements approach and a multi-track accreditation approach.<sup>20</sup> During its seventeenth meeting, the Board also requested the Secretariat to prepare options for the development of a two-stage proposal approval process, with stage one focusing on concept note approval and stage two focusing on the assessments by the Secretariat and the ITAP for the Board’s consideration.<sup>21</sup> In 2018, the Secretariat also plans to develop a proposal for the Board on the operationalization of a simplified project approval process for DAEs.<sup>22</sup> These measures, as well as some of the changes to the business model outlined above, will have significant implications on the required capacity and, potentially, the structure of the Secretariat. Therefore, it should be noted that Dalberg’s recommendations on the operating model have been developed for the Secretariat to optimally deliver on the current business model. As the strategic priorities and the Secretariat’s scope of work continue to evolve, GCF will need to continually update its organizational design and ensure that it remains flexible to these changes.

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<sup>20</sup> While these approaches remain to be finalized, a minimum requirements approach proposes that an entity could be accorded temporary accreditation linked to a first project, and the required accreditation process would be a streamlined due diligence based on a single stage review. The multi-track approach would include multiple routes to accreditation, including the normal track, fast track, and the minimum requirements track (with or without projects).

<sup>21</sup> Decisions of the Board – Seventeenth meeting of the Board, 5-6 July 2017 (GCF/B.17/21). Decision B.17/09

<sup>22</sup> Interviews with GCF Secretariat (May – August 2017)

## IV. GCF'S OPERATING MODEL – HOW GCF ORGANIZES ITSELF TO DELIVER VALUE

### 4.1 AN OVERVIEW OF THE CURRENT OPERATING MODEL

**GCF is governed by the Board and receives its mandate from the Conference of the Parties (COP).** In 2010, the United Nations Framework Convention on Climate Change (UNFCCC) parties established the Green Climate Fund as a designated operating entity of the financial mechanism. The COP provides guidance and holds GCF accountable for fulfilling its mandate. The GCF's Board oversees the Fund, and is comprised of 24 members who are split equally between developing and developed countries. Specifically, the Board is responsible for setting operational policies and guidelines; approving operational, access and funding modalities; approving project funding; reviewing and approving the Fund budget; and appointing the Secretariat Executive Director, among other responsibilities.<sup>23</sup> The Secretariat is responsible for executing the operations of the Fund and is accountable to the Board.

**The Secretariat's initial organizational structure was approved by the Board at its fifth meeting in 2013, and has been adjusted over time to meet GCF's evolving needs.** The initial structure reflected the principles from the Governing Instrument and was designed around GCF's operational priorities: initiating country dialogue, providing support with readiness and programming, engaging the private sector, and acquiring thematic expertise on mitigation and adaptation. The five divisions of the approved structure were Country Programming (CPD), Mitigation and Adaptation (DMA), Private Sector Facility (PSF), External Affairs, and Support Services (DSS).

An updated Secretariat structure was presented at the eighth Board meeting in 2014. The updates included creating three offices: General Counsel (OGC), Risk Management (ORM), and Secretary to the Board (OSB). Subsequently, the Secretariat added an Office of Internal Audit (OIA) that reports directly to the Executive Director and a Portfolio Management Unit (PMU) under DSS, resulting in GCF's current structure shown in Figure 2.

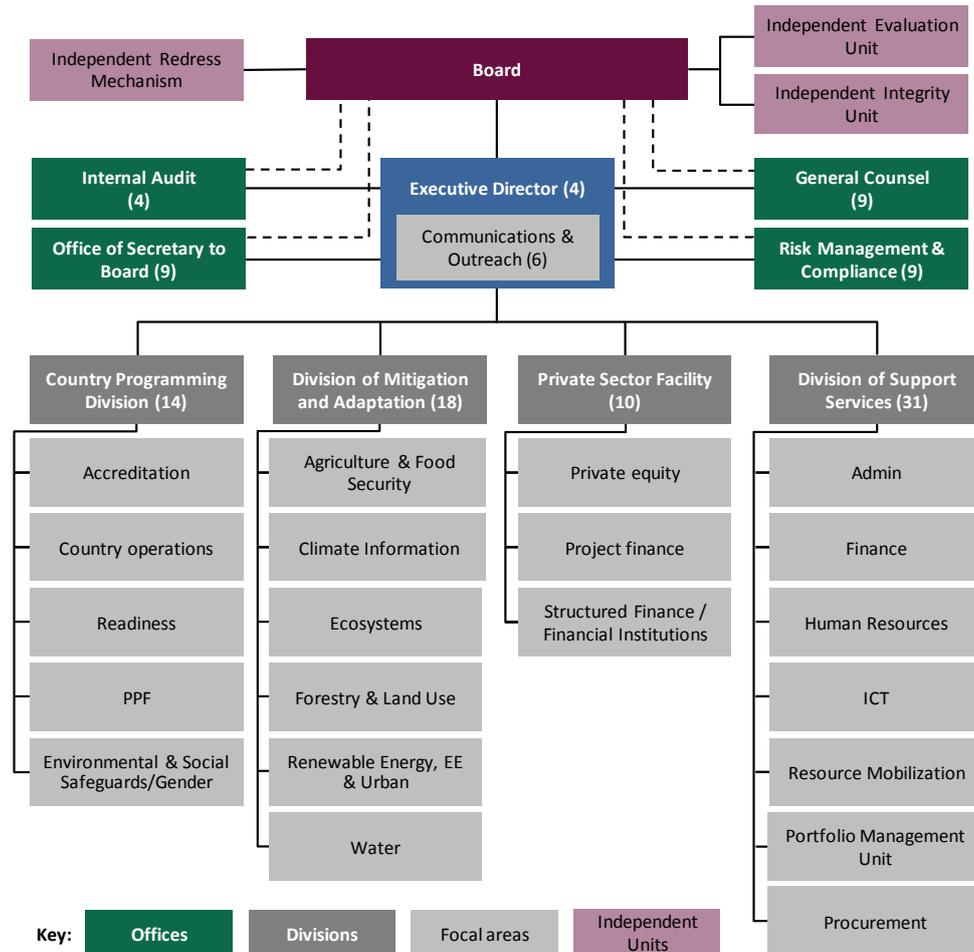
In 2014, the Board established three independent units to ensure accountability and integrity: (i) the Independent Redress Mechanism to handle complaints from people who have been negatively affected by GCF projects; (ii) the Independent Integrity Unit to prevent and investigate allegations of fraud, corruption, and misconduct; and (iii) the Independent Evaluation Unit to evaluate GCF's activities and measure their impact and effectiveness. Please refer to Annex C for a more detailed history of how the Secretariat's structure has evolved.

**To manage the growing workload of the Secretariat, the Board has approved the recruitment of additional positions over time, and the Secretariat has grown to 114 full-time staff as of the seventeenth Board meeting.** The distribution of staff across functions, as of July 2017, is shown in Figure 2. Since the eighth Board meeting in 2014, staff capacity has more than quadrupled from 26 full-time equivalents (FTEs) to 114 FTEs at the seventeenth meeting, as shown in Figure 3. In March 2016, at its twelfth meeting, the Board authorized the Secretariat to almost triple in size to 140 positions by the end of 2017.<sup>24</sup>

<sup>23</sup> *Governing Instrument for the Green Climate Fund*. Annexed to decision 3/CP.17 presented in UNFCCC document FCCC/CP/2011/9/Add.1.

<sup>24</sup> Decision B.12/27b in *Decisions of the Board – Twelfth Meeting of the Board, 8-10 March 2016* GCF/B.12/32.

**Figure 2. Current structure and capacity of the Green Climate Fund (Number of full-time staff, July 2017)<sup>25</sup>**



Since the additional positions were approved at the twelfth Board meeting, the growth rate of the Secretariat has increased. Between the twelfth and seventeenth meetings, the average growth rate of filled positions between Board meetings has been 20%, compared to an average growth of 15% between the eighth and twelfth meetings.<sup>26</sup>

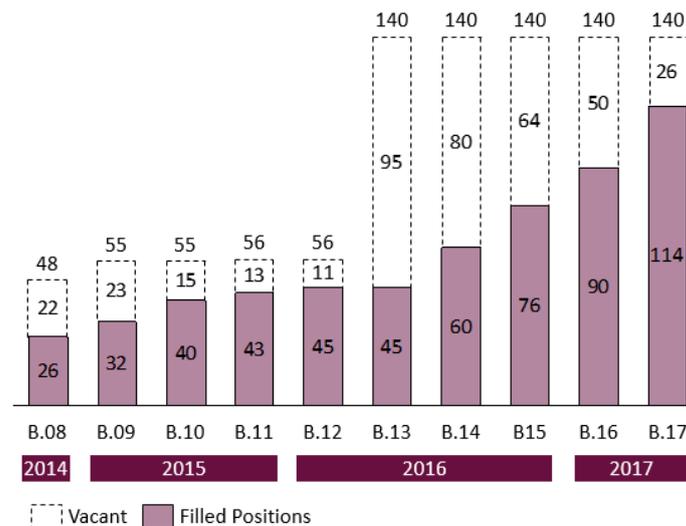
The capacity of the Secretariat is currently enhanced through the engagement of consultants. As of July 2017, GCF employed 38 consultants, of which at least 22.5 FTEs are involved in core operations.<sup>27</sup> This implies that the required staff capacity to undertake the Secretariat’s existing work volume is greater than the number of currently filled positions.

<sup>25</sup> Numbers in brackets represent current capacity, based on information presented by Human Resources during the week of the B.17 meeting. This data was presented to the Board as the latest snapshot of Secretariat capacity and therefore does not align with the data published in GCF/B.17/Inf.03 – Report on the status of staffing in the Secretariat. Figures do not include the position of the Executive Director.

<sup>26</sup> The permanent Secretariat was established at B.05 but data on filled and vacant staff positions is not reported until B.08.

<sup>27</sup> Based on interviews with Secretariat and *Report on the status of the staffing of the Secretariat* GCF/B.17/Inf.03. Full-time consultants: 4 in PSF, 3 in CPD, 3 in Communications, 3 in Procurement, 2 in ICT, 1.5 in OGC, and 1 in ORM. CPD also employs 8 Regional Advisors, equivalent to ~5 FTEs.

**Figure 3. Evolution of GCF Secretariat capacity (Number of full-time positions, October 2014 – July 2017)<sup>28</sup>**



## 4.2 EMERGING CHALLENGES

**The current structure of the operating model does not facilitate the efficient use of resources across the Secretariat, as there are barriers to collaboration and a lack of dedicated staff in several important functions such as external affairs, strategy and policy, and knowledge management.** GCF's vertical structure results in an inefficient use of resources and limits cross-divisional access to relevant technical expertise, including the thematic experts in DMA, financial product experts in PSF, and ESS & Gender experts in CPD. In addition, the responsibility for managing the Project Preparation Facility (PPF) and Enhanced Direct Access (EDA) programs currently sit within CPD, although the skillsets required are similar to those of proposal review teams in DMA and PSF. The current structure does not incentivize collaboration across these structural barriers, resulting in inefficiencies. As a result, some divisions have hired staff with similar skillsets, which duplicates resources. For example, DMA, PSF, and DSS-Finance all have staff with project finance expertise who are involved in the funding proposal review process. This creates opportunities to reposition responsibilities for certain activities, such as EDA and PPF, and to create incentives to encourage collaborative work between teams with complementary skillsets.

The Secretariat is currently taking steps to overcome these challenges and improve collaboration across teams, although some of these efforts are still in nascent stages. For example, to avoid a duplication of effort and ensure alignment in standards, DMA and PSF have worked together to create new templates for funding proposals and concept notes.<sup>29</sup> Additionally, DMA and PSF have committed to supporting CPD with structured dialogues and developing normative guidance for NDAs on programmatic approaches for country strategic planning.<sup>30</sup> In 2017, the SMT also adopted a work plan that committed CPD and DMA to working together to provide targeted support to ten countries and

<sup>28</sup> These numbers do not include the position of Executive Director. The Board approved 140 positions at B.12, but set an interim target to fill 100 positions by the end of 2016. Vacant positions reflect the difference between the number of positions approved by the Board and the number of filled positions. See relevant Board documents on staffing of the Secretariat.

<sup>29</sup> *SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals.*

<sup>30</sup> *SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals.*

five high-potential DAEs.<sup>31</sup> While these joint targets will help to address these challenges in the short-term, it raises the question of how the structure can facilitate this collaboration in the long-term.

The Secretariat also lacks dedicated staff in several important functions, including an external affairs function to manage GCF's engagement with strategic stakeholders, a strategy and policy function to facilitate the strategic planning process, and a centralized knowledge management (KM) function to ensure institutional memory is captured and made accessible to both internal and external stakeholders. Despite the lack of dedicated staff, the Secretariat has made progress, for example with the activities of the newly formed ICT/KM Committee. However, dedicated capacity is now required to accelerate implementation of these functions and ensure GCF has the appropriate skillsets in place to deliver on its mandate.

**GCF also faces increasing capacity-related challenges, as the Fund has become fully operational and the Secretariat's workload has increased.** Many GCF staff feel overburdened with their work, as staff turnover rates have been high and recruitment has been challenging. For example, in the 2017 Staff Survey, 54% of staff disagreed or strongly disagreed with the statement, "*My office / department is adequately staffed.*"<sup>32</sup> In addition, many staff members noted the weak institutional culture resulting from the high turnover rates, particularly at the senior level; only 32% of full-time staff in the Secretariat have worked with GCF for longer than one year.<sup>33</sup> The Secretariat is aware of these challenges and is actively working to fill its capacity needs, with 55 vacancies in the pipeline as of July 2017.<sup>34</sup> Although a standard half-day onboarding program has recently been introduced to provide an overview of GCF and its structure, most divisions and offices do not have formal orientation or training programs, which results in lost time as existing staff try to informally onboard new staff in addition to their existing responsibilities.

Many staff highlighted the need for higher quality ICT systems, which would partially alleviate the capacity-related challenges by increasing productivity. The lack of automated processes causes delays across GCF. For example, details from funding proposals are currently manually uploaded to the IPMS system, and many HR and procurement processes are tracked in Excel. GCF also lacks a centralized document management system, which has resulted in confusion and delays as staff must determine who has the most recent version of specific documents. While an internal TeamSite system exists, few people make use of it, in part due to low awareness. GCF has several initiatives in the pipeline to overcome these challenges, including the procurement of a centralized document and records management system (DMS/RMS) and automated funding proposal forms that upload data into the IPMS system. Please refer to Annex D for an overview of ICT systems that are currently in the pipeline.

GCF's workload will continue to accelerate in the coming years with the current business model as it accredits more entities, approves more projects, and disburses more funds. Although the Secretariat is likely to become more efficient due to lessons learned and an increasing quality of funding proposals through upstream engagement, the increasing workload implies that the Secretariat will continue to require additional staff capacity to prevent an unsustainable workload.

**Beyond its structural and capacity limitations, the Secretariat faces additional challenges related to unclear definitions of roles and internal processes, which hamper its ability to deliver on its mandate.** GCF has grown quickly as an organization, and in order to become operational, it developed

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<sup>31</sup> SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals.

<sup>32</sup> Staff Survey 2017

<sup>33</sup> Interviews with GCF Secretariat (May – August 2017)

<sup>34</sup> Based on information presented by Human Resources during the week of the B.17 meeting.

and implemented all parts of the business model at the same time. This has resulted in unclear roles and responsibilities within some processes. For example, while there is clear ownership during the funding proposal review process, there is less clarity on who is accountable for managing the process from Board approval to first disbursement. This, in combination with other factors such as the challenges of negotiating Accreditation Master Agreements (AMAs) after a project has received Board approval, has resulted in a backlog of approved projects awaiting disbursement.

These challenges have been compounded by the fact that some procedures or practices have not been formalized or documented effectively. Given GCF's relatively quick transition to operationalization, the Secretariat started operating without clear procedures and developed interim policies and procedures as a result. Several policies are still being developed or awaiting Board approval, which slows down decision-making processes. For example, several internal compliance policies have still to be developed, including those on conflict resolution, financial disclosures, and entertainment and gifts. Other internal processes are perceived to be overly complex and inefficient. For example, the review process for Readiness applications currently consists of more than 50 steps and the accreditation process typically takes between six and nine months for each entity.<sup>35</sup>

Unclear decision-making processes are also causing delays in GCF's operations, which creates risks for its external credibility. Some staff do not feel empowered to make decisions and are hesitant to commit to timelines, recognizing that slow decision-making processes elsewhere in the organization may cause delays to their own timelines. As GCF grows in its operational scale, these issues could continue to delay project progress and potentially compromise the transformational impact of GCF's support. It is also worth noting that there is an opportunity for the Board to be more encouraging of the Secretariat to make its own decisions regarding the day-to-day operations of the Fund. While the Board will continue to provide crucial guidance to the Secretariat in its governance and oversight of GCF's management, there is a recognition that a Secretariat which feels empowered to make decisions according to this guidance is a prerequisite for an effective organization.

## 4.3 HOW THE OPERATING MODEL COULD EVOLVE IN RESPONSE

### 4.3.1 EXPECTED WORKLOAD AND ASSOCIATED CAPACITY

#### METHODOLOGY

To ensure the Secretariat is optimally resourced to deliver on its mandate, Dalberg first projected the required annual staff capacity of the Secretariat over the next three years to 2020. A three-year time horizon was selected, given GCF's evolving operational scale and increasing magnitude of uncertainty beyond this point, for example due to the timing and scale of the upcoming replenishment process. As GCF's priorities and the Secretariat's scope of work is likely to change in the future, the Secretariat will need to continually assess whether it has the optimal capacity to deliver on GCF's mandate.

To project the required capacity for the Secretariat in 2020, Dalberg took a five-step approach:

1. **Determine key functions of GCF's Secretariat:** Dalberg identified key functions within current divisions and offices, and used these as a base unit to project staff capacity. These functions were categorized as project cycle-related, whose growth is driven mainly by incoming work volume, and non-project cycle-related, whose growth is driven mainly by other factors (e.g.,

<sup>35</sup> Interviews with GCF Secretariat (May – August 2017)

growth in the Secretariat itself). Dalberg also included new functions that currently lack dedicated staff members, notably, strategy and policy and knowledge management.

2. **Determine key indicator of work volume for each function:** Dalberg identified key quantitative and qualitative indicators of work volume for each function, based on interviews with the Secretariat. These included: the number and type of AEs; the number of Readiness packages, PPF packages, concept notes, funding proposals, AMAs, and Funded Activity Agreements (FAAs); and the proportion of time spent on policy papers and Board papers.
3. **Project the annual size of each indicator of work volume:** Dalberg projected the work volume of each indicator using a combination of historical data, stakeholder interviews, and internal projections. Based on assumptions of the growth in number and type of AEs, Dalberg's internal projections account for (i) the proportion that will be active in submitting PPFs, concept notes, and funding proposals; (ii) the frequency of submission; (iii) the expected number of submissions per year; and (iv) the expected time lag between accreditation and submission.
4. **Translate work volume into number of FTEs required for each function:** Dalberg projected the required capacity for each function using a combination of capacity modelling, stakeholder interviews, and benchmarking of comparable organizations.<sup>36</sup> Dalberg estimated the baseline capacity in both low and high scenarios, assuming there will be a move towards greater upstream engagement with NDAs and AEs, but no material changes to the current processes of accreditation and funding proposal review.
5. **Apply expected efficiency gains from introduction of new ICT systems:** Dalberg considered the likely reduction in required FTEs for each function as a result of each new ICT system proposed within the three year time horizon, and applied these to the baseline capacity projections. While new ICT systems are only a subset of measures that could lead to efficiency gains, Dalberg focused on these measures as they are more easily quantifiable.

For additional detail on Dalberg's assumptions and estimates, please refer to Annex D.

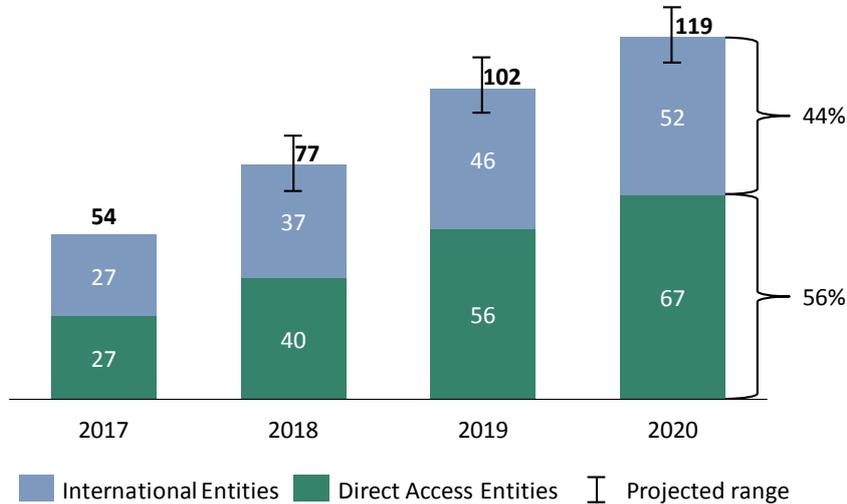
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<sup>36</sup> Benchmark organizations included: Adaptation Fund; Asian Development Bank; CDC Group; Climate Investment Funds; Gavi Alliance; Global Environment Facility; Global Fund to Fight AIDS, Tuberculosis and Malaria; and the Multilateral Fund for the Implementation of the Montreal Protocol.

### PROJECTED WORKLOAD

The number of AEs is expected to grow from 54 in 2017 (as of B.17) to 117-121 entities in 2020. As per the Board’s decision to prioritize the accreditation of DAEs,<sup>37</sup> the proportion of DAEs within the portfolio is projected to increase from 50% in 2017 to ~56% by 2020.

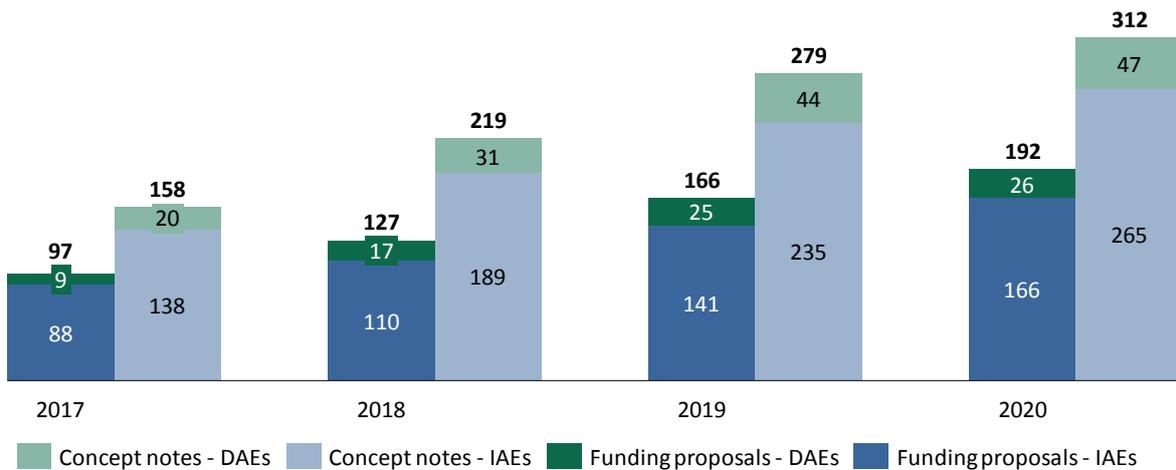
**Figure 4. Projected total number of Accredited Entities<sup>38</sup>**



As the number of AEs grow, the Secretariat’s workload will almost double to ~310 concept notes and ~190 funding proposals in 2020. The number of PPF packages will grow in parallel with the number of funding proposals, to 96 in 2020, while the number of Readiness/National Adaptation Plan (NAP) packages is expected to grow to 260 in 2018, and remain constant thereafter.

The number of approved projects is assumed to increase from around 30 per year in 2017 to 60 per year in 2020, based on the growing but limited capacity of the Board to consider funding proposals in their current form. This implies that if the average project size remains at USD 52 million, then total approved funding in 2020 would be ~USD 3.1 billion.<sup>39</sup>

**Figure 5. Projected number of concept notes and funding proposals submitted per year**



<sup>37</sup> GCF/B.16/INF.08 – Facilitating an increase in proposals from direct access entities.

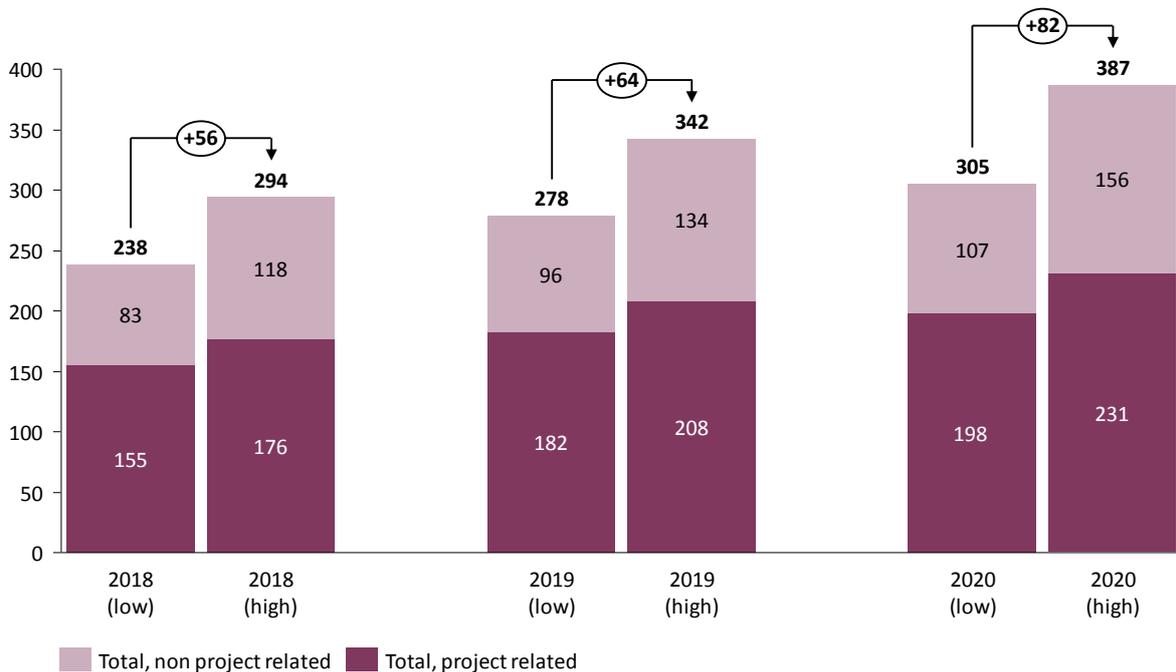
<sup>38</sup> In all workload and capacity projections, we have used the mid-points of the projected ranges of number of AEs.

<sup>39</sup> Average project size is calculated as a weighted average of approved projects from DAEs and IAEs as of B.17 (average size of USD 21M across 11 DAEs and average size of USD 63M across 32 IAEs). See IPMS database.

## PROJECTED CAPACITY

Based on the increasing work volume, and the expected efficiency savings from new ICT systems, Dalberg estimates the Secretariat will grow its capacity from 114 FTEs as of B.17 to between 305 and 387 FTEs by 2020. This number captures the total FTEs required to manage the growing workload and does not make assumptions about how this is allocated between internal and external staff (e.g., outsourcing to consultants or external firms). The capacity projection ranges for non-project cycle-related functions are often larger, given the disparities between internal stakeholder insights and benchmarking against comparable organizations. Please refer to Annex D for the assumptions that underlie Dalberg’s capacity projections for each function.

**Figure 6. Projected increase in size of GCF Secretariat across low and high scenarios (Full-time staff positions, absolute difference, 2018 – 2020)**



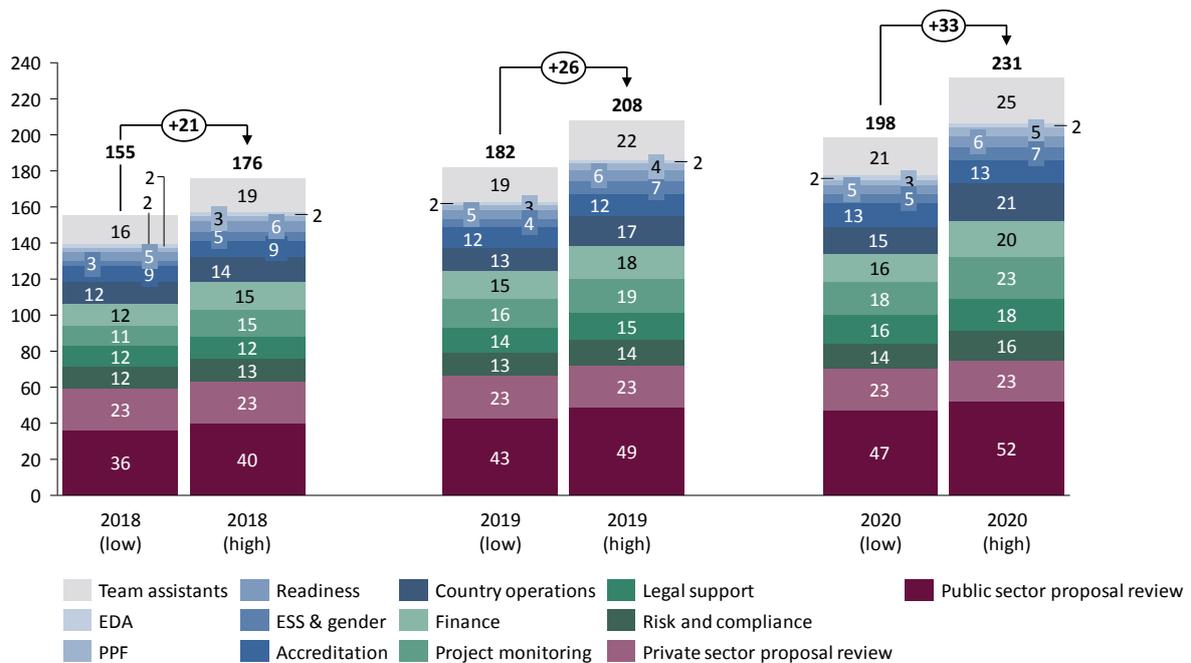
The proportion of staff in project cycle-related functions is expected to grow from 57% of the Secretariat (as of B.17) to more than 60% by 2020, as a result of the increasing project-related workload. Three project cycle-related functions warrant particular consideration:

- Public sector proposal review.** This function’s capacity requirement is principally driven by the expected growth in funding proposals and concept notes, which together account for around two-thirds of this function’s staff requirement by 2020. Other key factors driving growth include (i) the increasing need for staff to manage the phase between Board approval and first disbursement (3-4 FTEs); (ii) the increasing requirements for upstream AE/NDA engagement (~3 FTEs); and (iii) and the management of specific Request for Proposal (RFP) processes, such as REDD+ (2 FTEs). Growth in required capacity is also driven to a lesser extent by PPF and Readiness/NAPs applications, KM requirements, and the development of Board documents and policy papers. The variation between the low and high scenario estimates is driven by variation in the expected work volume that each FTE can manage.
- Country operations.** There is broad agreement within GCF that additional capacity is required to support countries and AEs with the development of work programs. GCF currently has 4

FTEs in Songdo and 8 regional advisors (equivalent to ~5 FTEs) overseeing 140 countries – or about 16 countries per FTE. However, interviews suggest the target number of countries per FTE should be between 7 and 10, providing the capacity for 2-3 days of engagement with each country per month, which is more in line with other funds such as the Global Fund (1-5 countries per FTE) and Gavi (2-3 countries per FTE). Additional capacity in this function will also be required for specific roles, such as an economist and an events manager, a role currently filled by a full-time consultant that could be converted into a staff position.

- Legal support.** The expected capacity for project-related legal support is driven principally by the growth in the number of AMAs, funding proposals, and FAAs by 2020. Assuming one FTE can process six AMAs, seven funding proposals, and six FAAs per year, with an additional two dedicated FTEs required to process Readiness/NAP packages, the projected team size is 16 by 2020 in the low scenario. Benchmarking the number of projects managed per lawyer at the Asian Development Bank (ADB) suggests that project-related legal capacity should increase to 18 FTEs by 2020, providing the high scenario estimate.

**Figure 7. Projected increase in number of project cycle-related staff, by function, across low and high scenarios (Full-time staff positions, absolute difference, 2018 – 2020)**



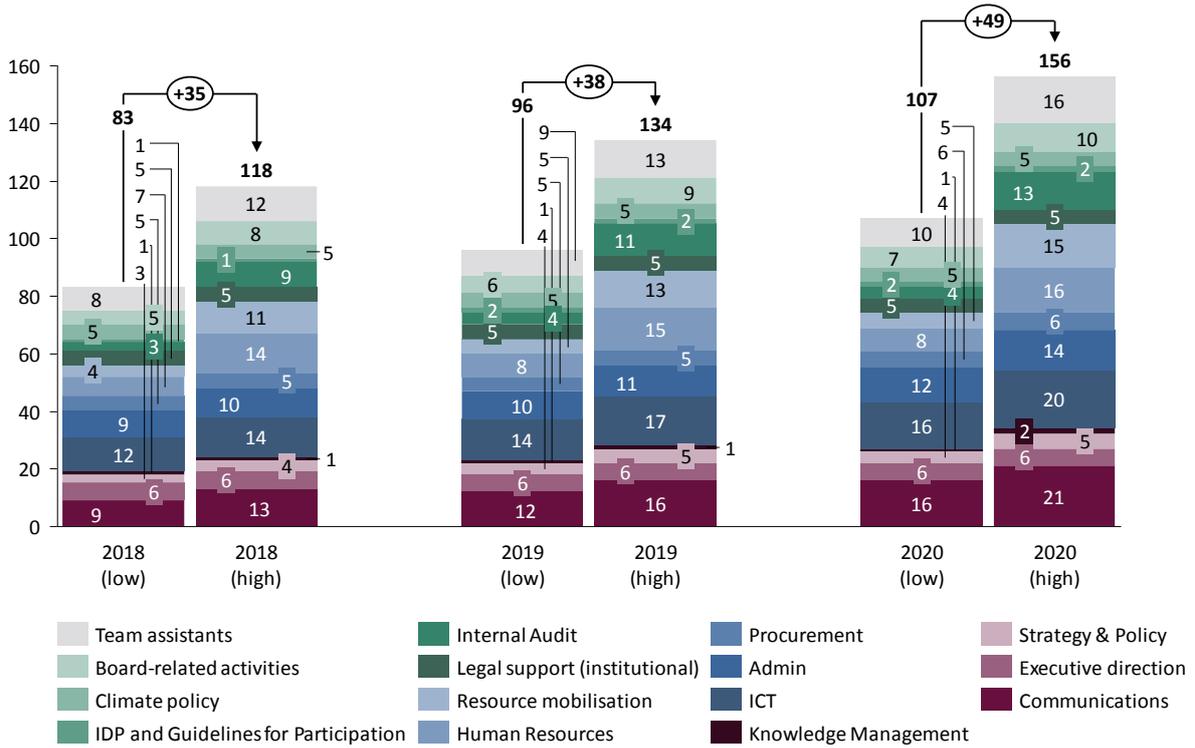
The growth in required capacity for non-project cycle-related functions is projected to be slower, at an annual rate of 14% compared with 17% for project cycle-related function.<sup>40</sup> Several non-project cycle-related functions warrant particular consideration:

- Office of the Executive Director (comprising Executive direction, Strategy & Policy, and Knowledge Management).** The Secretariat is currently recruiting a Deputy Executive Director within the OED. In addition, the creation of the new Strategy & Policy and Knowledge Management functions within the OED is expected to add between 5 and 7 FTEs by 2020, based on similar functions in benchmark organizations.

<sup>40</sup> CAGR is calculated using the means of high and low case, 2018-2020.

- Communications.** Growth in this function is driven primarily by the need for more strategic communications, as well as the anticipated demands for tailored communications stemming from the upcoming replenishment process, particularly if the contributor base is diversified. Using the Global Fund headcount ratio as a benchmark suggests GCF should have a communications team of around 16 by 2020, while interviews with the Secretariat suggest the need for 21 staff by 2020, providing the low and high scenarios.

**Figure 8. Projected increase in number of non-project cycle-related staff, by function, across low and high scenarios (Full-time staff positions, absolute difference, 2018 – 2020)**



### 4.3.2 HOW TO ORGANIZE THE CAPACITY IN THE SHORT-TERM AND LONG-TERM

**The proposed changes to the organizational structure have been designed around GCF's strategic priorities and the seven guiding principles introduced in Section 2, and aim to overcome the challenges highlighted in Section 4.2.** Three of GCF's strategic priorities are particularly important to consider when reviewing the structure of the Secretariat:

- **Prioritizing pipeline development** requires a collaborative approach across many functions. While some collaboration between these functions is already taking place, it is limited due to capacity constraints and the lack of structural incentives. Creating project-based teams and engaging in joint objective setting will help encourage collaboration and will better position the Secretariat to achieve this strategic priority.
- **Strengthening GCF's proactive and strategic approach to programming** requires enhancing GCF's capacity-building efforts. These efforts should focus on developing fully-informed NDAs that can mobilize the public and private sector, and working in partnership with AEs to develop a strategic project pipeline. Enhancing GCF's regional capacity, as discussed by the Board as recently as B.16, could ensure closer engagement with NDAs and AEs and may increase GCF's overall accessibility. However, regionalization also entails several risks such as increased costs and duplication of efforts already being undertaken by partners. A phased approach, as suggested below in "11. Enhance regional capacity", could be used to pilot the effectiveness of regional presences, while helping to mitigate these risks.
- **Maximizing the engagement with the private sector** requires staff with experience of working with the private sector. The short-term and long-term recommendations seek to retain these expertise, to ensure GCF's ability to unlock private finance is not diluted, while facilitating the sharing of knowledge around financial instruments and institutions with other relevant functions and processes.

**The short-term changes build on the Secretariat's existing structure and can be implemented over the next year, while the long-term changes are expected to be implemented over a two to three year horizon and aim to overcome structural challenges that hinder the efficient use of Secretariat resources.** Following consultations with GCF staff, and given the recent changes in leadership, the suggested short-term changes focus on adjustments that are impactful, practical, and involve minimal disruption to GCF's activities. The long-term suggestions focus on removing structural barriers to collaboration and creating a process-based structure, whereby separate departments are responsible for project origination, development and management. This process-based structure has been adopted by some other benchmark funds including the Adaptation Fund, Gavi, and the Multilateral Fund. In addition, Dalberg recommends the implementation of three supporting interventions that will ensure greater collaboration between different divisions and offices within the current structure. The need for long-term structural changes should be revisited based on the outcome of shorter-term changes to encourage collaboration such as creating joint workplans and accelerating the use of project-based teams.

## SHORT-TERM OPTIONS FOR THE SECRETARIAT'S ORGANIZATIONAL STRUCTURE

### 1. Create position of the Deputy Executive Director (approved at B.17)<sup>41</sup>

Creating a full-time, standalone Deputy Executive Director (DED) position will alleviate the current pressures on the Executive Director and allow them to focus on building external relationships and providing strategic guidance to the Secretariat. This position will also provide additional capacity for coordinating and overseeing the activities of the Secretariat, which will likely help to increase the Secretariat's efficiency and build up the organizational culture.

The DED could be responsible for overseeing the functions of some of the Secretariat's divisions and offices, and remain flexible to taking on parts of the ED's workload as required. The division of responsibilities should be discussed and agreed upon between the ED and the DED. The creation of the DED position was approved at the seventeenth Board meeting and the Secretariat has recently published the vacancy, with the aim of filling the position as soon as possible.

### 2. Establish External Affairs division

External communications are important for generating external support for GCF and its activities, for attracting partner organizations, and for generating interest among current and potential contributors. Although a Communications Strategy was drafted by the Secretariat in 2013, it was not formally adopted, limiting GCF's ability to effectively raise its international profile and participate in high-level outreach activities such as the World Economic Forum. As GCF's portfolio grows, there is an opportunity for its external communications to be more strategic and targeted.

To enhance GCF's external profile, GCF could consider establishing an External Affairs division, as proposed and approved in its initial structure.<sup>42</sup> This division will be responsible for all activities currently conducted by the Communications & Outreach team, including setting the strategy for external communications, executive messaging, website and social media management, media relations, and outreach activities. Most large benchmark organizations have a separate division that is solely responsible for managing external communications (e.g., Gavi's Public Engagement & Information Services division, Global Fund's Communications department, and the CDC Group's Communication division). In addition, given the complementarity between communications and stakeholder management, this division could also be responsible for building and managing strategic partnerships, managing relationships with current and potential contributors, and managing the logistics for all GCF-organized events (e.g., structured dialogues, Board meetings, stakeholder workshops). To avoid the duplication of activities, this division's partnership function should work with entities that are not involved in governance (e.g., UNFCCC and COP which interact with OSB) or the project cycle (e.g., AEs which interact with the accreditation and proposal review teams). These changes would require the resource mobilization team to move from DSS into the External Affairs division, similar to the Global Fund's model where the division responsible for external relations is also responsible for resource mobilization. Establishing a centralized External Affairs division will generate efficiencies and ensure that GCF's external messaging is consistent, although it will require additional resources, including the recruitment of a division Director.

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<sup>41</sup> Decisions of the Board – seventeenth meeting of the Board, 5-6 July 2017 (GCF/B.17/21): Decision B.17/20

<sup>42</sup> Initial Structure and Staffing of the Secretariat, GCF/B.05/10 September 2013

### **3. Rename Office of Secretary to the Board (OSB) to better reflect its mandate and build capacity to provide enhanced support to the Board**

OSB's mandate is broader than its name suggests, which causes confusion around the activities undertaken by the office. In addition to acting as a liaison between the Board and the Secretariat, OSB is responsible for managing relationships with external multilateral processes related to governance such as UNFCCC and COP. Additionally, it facilitates the internal follow-up of the COP guidance and other Board policies (e.g. Information Disclosure Policy) in GCF operations. The OSB helps to promote complementarity and coherence with other climate finance delivery channels.

In recognition of these roles fulfilled by the OSB, GCF could consider renaming the office (e.g., to "Governance Affairs"). Given the anticipated election of new Board members and the annual election of Co-Chairs, GCF should enhance its support to the Board to ensure that institutional memory is retained and effectively shared with new Board members. Among benchmark organizations, only the larger organizations tend to have an office dedicated to Board affairs. For example, ADB has an Office of the Secretary which is responsible for managing relations between the Board of Directors and ADB staff; supporting Board committees; and managing the electoral process of the President, Vice-Presidents and Directors, among other responsibilities. Similarly, the Global Fund has an Office of Board Affairs that sits within the Office of the Executive Director and is responsible for providing overall support to the Board and coordinating action on strategic issues identified by the Board.

In the longer-term, some of the responsibilities that currently sit under OSB could be transferred to newly created units in order to benefit from the synergies involved with similar activities. For example, responsibility for managing the logistics around Board meetings could move to the events management function within the new External Affairs division and responsibility for handling Information Disclosure Policy (IDP) could move to the newly created KM function within the OED.

### **4. Establish Strategy & Policy function**

The Secretariat currently lacks an overarching function that acts as an anchor for developing the institutional strategy of the organization. Institutional policies are currently developed by many teams across the Secretariat and there is no central function for documenting them. As GCF and its strategic priorities continue to evolve, this function will become increasingly important, particularly for ensuring that the Secretariat is informed and has access to new or updated policies.

While the responsibility for strategy should sit with all functions of the Secretariat, there should be dedicated staff members to coordinate this function. This function could be responsible for facilitating the process of defining and monitoring the institutional strategy of the Fund, as well as establishing standard operating procedures (SOPs) to translate GCF's Strategic Plan into operationalized strategies for each team. It should be noted that the Secretariat has recently hired a Strategic Planning Manager within DSS who is dedicated to strategy, planning, and results performance management.

Such a function is common across benchmark organizations, with the ADB having a Strategy and Policy department that reports directly to the President, the Global Environment Facility (GEF) having a Policy and Partnerships office, and the Climate Investment Funds (CIF) having dedicated policy staff within its Administrative Unit. Given the cross-cutting nature of this function, the Secretariat should consider locating the Strategy & Policy function in the OED, as is the case in the CDC Group and the Global Fund's Policy & Strategy Hub.

## **5. Establish Knowledge Management function**

Knowledge management will become increasingly important as GCF grows and generates more information. However, the Secretariat currently lacks a system for collecting and managing all knowledge and documents generated by GCF. While this challenge will be partially addressed through the full implementation of a central Document & Records Management System (DMS/RMS) and the activities of the ICT/KM Committee, there is a need for a central KM function to coordinate the management of this information.

As with the strategy and policy function, the responsibility for knowledge management should sit with all members of the Secretariat, but there should be dedicated staff members whose sole responsibility is to coordinate the collection, storage and management of internally-generated knowledge and information. In the long-term, this function could also take responsibility for handling IDP, currently sitting in OSB, to take advantage of the synergies between internal knowledge management and responding to requests for documents from external stakeholders.

Many of the benchmarked organizations (Adaptation Fund, CIF, GEF) have at least one staff member dedicated to knowledge management functions despite having smaller headcounts. The larger benchmark organizations tend to have knowledge management represented at senior levels. For example, Gavi has a Chief Knowledge Officer within its Public Engagement & Information Services division and ADB has a Vice President for Knowledge Management and Sustainable Development. Given the cross-cutting nature of this function, the Secretariat should consider locating it in the OED.

## **6. Create joint workplans and objectives to incentivise stronger collaboration across teams, and accelerate the use of project-based teams during the funding proposal review process**

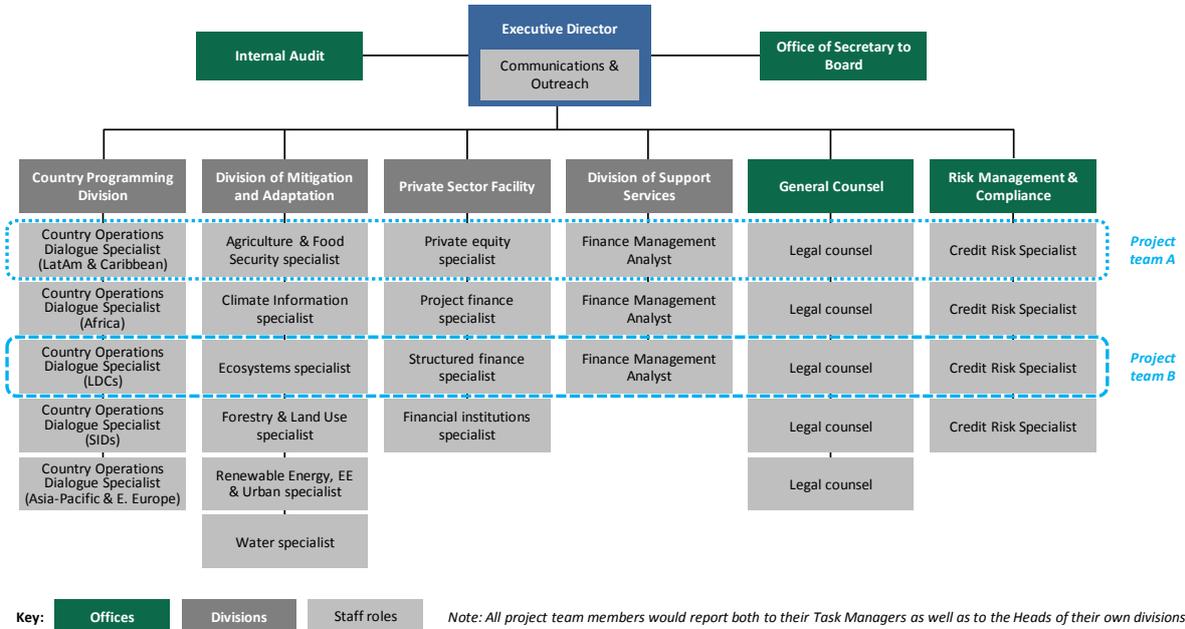
Cross-divisional collaboration within the Secretariat is currently limited due to capacity constraints and a lack of structural incentives. However, this collaboration is crucial for many of GCF's core processes such as upstream engagement and funding proposal review, and for ensuring that GCF can meet its objectives of being country-driven and impactful in the most efficient way.

The Secretariat should consider moving away from the current practice of work planning by division and move to a results-based workplan. A results-based workplan establishes a clearer link between the institutional strategy and the workplan and ensures a shared ownership of the targeted outcomes between different functions of the Secretariat. The Secretariat has already introduced some joint workplans and these should serve as a benchmark for incentivizing broader collaboration among the Secretariat's different divisions and offices, where relevant. For example, CPD and DMA have committed to a joint work plan to enhance country readiness with a target of supporting countries and high-potential DAEs to bring quality funding proposals to the Board.

For the funding proposal review process, specifically, GCF should set joint objectives by accelerating the use of project-based teams. While such teams are currently used informally, with Task Managers coordinating the internal review of proposals by relevant functions, formalizing these will help to increase ownership and efficiency. For each new funding proposal, a temporary team will be created to work on the funding proposal from submission to first disbursement. These teams will comprise staff with expertise on all project-related elements, for example mitigation and adaptation, financial products, country-specific national adaptation plans, legal, finance, and risk. Creating joint objectives for these teams, reflecting these objectives in staff members' performance management reviews, and establishing soft reporting lines to the Task Managers of these teams will incentivize collaboration, as

staff members’ performance will be assessed on their performance both within these teams as well as in their own divisions. Similar team models have been used successfully in other funds, for example in the Global Fund whose country programs are managed by individual country teams. Each country team is led by a Fund Portfolio Manager and includes staff with expertise on M&E, legal, finance, and procurement supply chains. Within these country teams, some staff have dual reporting lines to the Head of the relevant regional program, as well as the Head of their own division.

**Figure 9. Illustrative structure of project-based team within current Secretariat structure**



The use of such teams in GCF should be carefully considered to ensure it is cost-effective, given the resources associated with establishing dedicated teams and coordinating staffing logistics. For example, the use of such teams in the funding proposal review process is likely to be cost-efficient, given the typical length of the funding proposal review process. However, a formal team set-up is likely to be less applicable for managing structured dialogues, given the shorter amount of time required. In this case, in the short-term, the Secretariat should focus on establishing sufficiently strong incentives to encourage collaboration between CPD and technical experts currently sitting in DMA. In the long-term, the collaboration required for upstream activities may be better addressed by enhancing GCF’s regional capacity. The implications of this option on the structure are explored in greater detail in “11. Enhance regional capacity.”

**7. Move responsibility for EDA and PPF from CPD to DMA**

The responsibility for processing and reviewing EDA and PPF proposals currently sits with CPD, although the skillsets required are similar to those held by the proposal review teams in DMA and PSF. Additionally, as these two programs are modalities to aid the submission of funding proposals, these should be located closer to the proposal review teams.

To ensure that staff resources are used most efficiently, GCF should move responsibility for the EDA and PPF programs to the proposal review teams, and specifically to DMA as the associated workload is mainly applicable for public sector projects. However, staff within these functions would need to

collaborate closely with both DMA and PSF, and their performance management reviews should account for their performance with both public and private sector projects, where applicable. To facilitate this collaboration in the long-term, GCF could consider merging all proposal review functions into a single division. The details and implications of this recommendation are explored in greater detail in “9. Establish Public and Private Sector Portfolio Development division and incorporate all proposal review functions.”

## **8. Establish internal cross-divisional committee to review all incoming funding proposals**

The Secretariat currently spends a substantial amount of time reviewing funding proposals that may not be of sufficient quality. Between B.11 and B.17, the average number of conditions attached to Board-approved projects has increased from 1.5 conditions to 5.5 conditions.<sup>43</sup> While several factors may have led to this increase, this indicates there is a greater opportunity for GCF to prioritize engaging with the most impactful and innovative proposals at an earlier stage of the project cycle. Although the Secretariat has recently been empowered to send back a funding proposal to an AE for revision based on a qualitative review, this can only be done once.

To reduce the overall time burden involved with reviewing funding proposals that may not be of sufficient quality, GCF should consider establishing an internal cross-divisional committee or assign an explicit role to the SMT to conduct an initial review of all concept notes and funding proposals submitted to the Fund. This committee would determine which funding proposals are developed to a sufficient standard and which should be sent back to the submitting entities for revision, as well as prioritizing those that can progress to a full internal technical review. These decisions should be based on transparent and clearly defined criteria, to be decided by the committee, but could include all or a subset of the existing Investment Criteria.<sup>44</sup> Should the Board decide to make concept notes compulsory in the future, this committee could also focus exclusively on prioritizing concept notes for development into full funding proposals.

This cross-divisional committee should comprise senior management members of project-related functions, for example public and private sector review functions, country operations, legal, finance, and risk. This committee should also be responsible for determining the staffing composition of project-based teams that will conduct the full technical reviews of prioritized funding proposals (see “6. Create joint workplans and objectives to incentivise stronger collaboration across teams, and accelerate the use of project-based teams during the funding proposal review process.”)

The concept of a multi-stage approval process, where internal committees review funding proposals and have the authority to either prioritize or reject them based on quality, is common across other funds and development banks including ABD, GEF, and the European Bank for Reconstruction and Development (EBRD). For example, EBRD’s Operations Committee reviews projects at three stages (concept, structure, final proposal) and has the authority to decide which should progress to the Board for approval. EBRD’s committee includes senior management members from the finance, legal, economics, evaluation, operational, and environmental support offices.

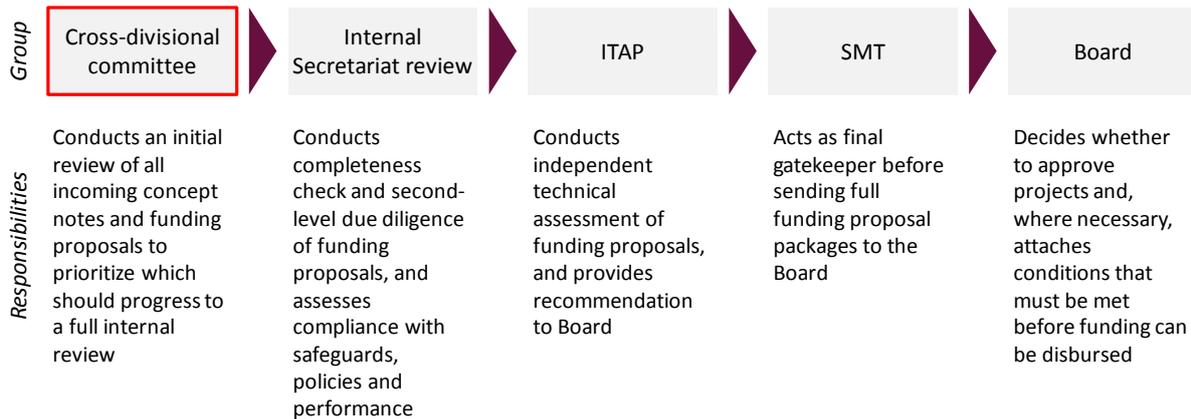
While establishing a formal committee to quickly prioritize proposals requires additional resources, it will likely reduce the total time required by the Secretariat to review proposals, as the lower quality

<sup>43</sup> *SMT Considerations Post B.16 to Address Policy Issues Arising from the Consideration of Funding Proposals*

<sup>44</sup> GCF’s investment criteria currently includes indicators on impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, and efficiency and effectiveness. See: [https://www.greenclimate.fund/documents/20182/239759/Investment\\_Criteria.pdf/771ca88e-6cf2-469d-98e8-78be2b980940](https://www.greenclimate.fund/documents/20182/239759/Investment_Criteria.pdf/771ca88e-6cf2-469d-98e8-78be2b980940)

proposals will be identified and either improved or deprioritized before being reviewed in full by the Secretariat, ITAP and then the SMT. The SMT will continue to act as the final gatekeeper in deciding which funding proposals are submitted to the Board. While the potential creation of a backlog of proposals will need to be carefully managed, once GCF reaches a steady rate of disbursement, this could also signal to external partners that GCF is only willing to invest in projects that meet its paradigm-shifting and transformative criteria. Establishing a cross-divisional committee will also ensure that standards are applied consistently across all proposals during the review process.

**Figure 10. Proposed position of cross-divisional committee within funding proposal review process**



**LONG-TERM OPTIONS FOR THE SECRETARIAT’S ORGANIZATIONAL STRUCTURE**

**9. Establish Public and Private Sector Portfolio Development division and incorporate all proposal review functions**

The vertical structure of GCF means that proposal review functions currently sit under three different divisions; PPF and EDA programs are under CPD, while public and private sector concept notes and funding proposals are reviewed by DMA and PSF, respectively. These review functions follow similar processes and require similar skills, but GCF’s structure has limited cross-divisional access to relevant technical expertise, reducing operating efficiency.

In the long-term, the Secretariat could transfer the responsibility for all proposal review functions to a joint Public and Private Sector Portfolio Development division. This division would house all proposal review expertise and be responsible for managing the entire funding proposal review process from submission to first disbursement, including the EDA and PPF programs. This division would be comprised of staff with expertise in thematic areas (currently in DMA) and financial products (currently in PSF).

Establishing a single division will increase efficiency by providing all proposal review functions with easy and timely access to the technical expertise required to conduct high quality proposal reviews and provide substantive feedback to AEs. It will also improve coordination on upstream engagement and ensure that all funding proposals are reviewed consistently against the same criteria. Having a common divisional Director for both public and private sector projects will also encourage cooperation, and may be useful as the number of public-private funding proposals increases. Before implementing this change, the Secretariat should evaluate whether shorter-term changes designed to facilitate collaboration (e.g., joint workplans and project-based teams) have improved outcomes.

Benchmarked organizations that provide financing to both public and private sector actors tend to group all project operations within one division. For example, GEF has a single Programs Unit for reviewing projects from both public and private sector actors. The Global Fund has a single Grant Management division which handles all projects, regardless of whether the recipient is public or private sector.

## **10. Establish Portfolio Management division**

Portfolio management and monitoring is currently conducted by the newly created PMU within DSS, which limits knowledge sharing and engagement with the overall project cycle. As the Secretariat continues to disburse funding for new projects, the importance of this function will continue to grow.

GCF should establish a separate division for Portfolio Management, as suggested in B.11,<sup>45</sup> which would be responsible for creating clear guidelines and templates on the M&E components that should be included in all funding proposals. This would facilitate the monitoring of projects once they are approved, and ensure that PMU retains its independence from the project origination and review process. Once projects are approved and first disbursements have been made, this division would also be responsible for engaging in ongoing monitoring. Specifically, this division would monitor projects against dimensions such as climate impact; financial performance, including repayments; and safeguards such as ESS & Gender.<sup>46</sup> Based on this monitoring, the Portfolio Management division should develop and submit Portfolio Performance Reports (PPRs) to the Board. Development of the PPRs will be facilitated by the portfolio monitoring dashboard, which PMU is currently developing, that will collate and present the latest data on climate impact and financial performance. The Portfolio Management division could also conduct evaluations around certain sectors, regions, interventions, or financial instruments and use the lessons learned to inform GCF's strategy.

Although the Independent Evaluation Unit conducts portfolio-wide evaluations to hold GCF accountable for their overall performance, there is currently no function for auditing the individual Annual Performance Reports (APRs) and project evaluations which are submitted by AEs. Therefore, the Portfolio Management division could also be responsible for validating the accuracy of (a sample of) these project-specific reports and evaluations. This function could be undertaken either internally by PMU or externally by a third-party.

Similar to GCF's monitoring and evaluation set-up, several benchmark organizations rely on third parties to conduct project-level evaluations and have internal monitoring functions to coordinate, synthesize and, in some cases, verify these findings. Many of these monitoring functions are also responsible for setting the standards for evaluation reports. For example, the Global Fund's M&E team is responsible for recommending key performance indicators and impact measurement methodologies, while consultants (Local Fund Agents) are responsible for evaluating project performance. The Global Fund's M&E officers are then responsible for verifying the accuracy of these evaluations. CIF, Gavi, GEF, and the Multilateral Fund also rely on external entities to evaluate their projects (multilateral development banks (MDBs), consultants, implementing agencies, and consultants respectively). The Secretariat then tends to be responsible for coordinating, monitoring, and synthesizing results into periodic portfolio-wide reports.

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<sup>45</sup> Annual update of structure and staffing of the Secretariat (GCF/B.11/11)

<sup>46</sup> Performance monitoring indicators could be taken from GCF's existing performance measurement criteria, investment criteria, and financial risk management framework.

## 11. Enhance regional capacity

Although pursuing a country-driven approach is an important part of GCF's mandate, the role of countries in project inception and the overall project cycle is currently perceived to be limited. While GCF's network of regional advisors has played a key role in developing country relationships and building GCF's external profile, additional technical and country-specific expertise are required to help countries and AEs to develop robust work programs and a pipeline of projects that align with GCF's priorities

The Secretariat should consider extending its in-country network to ensure that strategic country programming and entity engagement play a core role in project origination. In the short-term, this could be achieved by hiring additional regional advisors and technical consultants (e.g., from professional services firms) to provide upstream support. Hiring external consultants will ensure there is a credible firewall between the project origination and project review functions, and will ensure that GCF has flexible capacity to satisfy additional requests for country support. This is similar to the approach adopted by the Global Fund, which relies on a roster of approved in-country consultants to provide technical assistance to countries, while all full-time staff are based at their headquarters in Geneva. To facilitate the coordination of regional activities and the sharing of lessons learned in similar contexts between Songdo-based staff and external regional advisors/technical consultants, the country operations team within CPD could consider organizing itself into regional desks.

In the long-term, establishing regional capacity could be achieved by (i) establishing strategic partnerships with non-AEs, and/or (ii) establishing regional hubs. Organizations such as the Global Green Growth Institute have adopted the first approach and use the United Nations Office for Project Services (UNOPS) to contract and administer selected staff in locations outside of their formal offices in South Korea and Abu Dhabi.<sup>47</sup> Several larger multilateral institutions have adopted the second approach, including ADB which has more than 25 country offices or missions. However, before considering setting up regional hubs, GCF needs to ensure that there is a strong core Secretariat in Songdo that can manage the complex and resource-intensive process of establishing new entities.

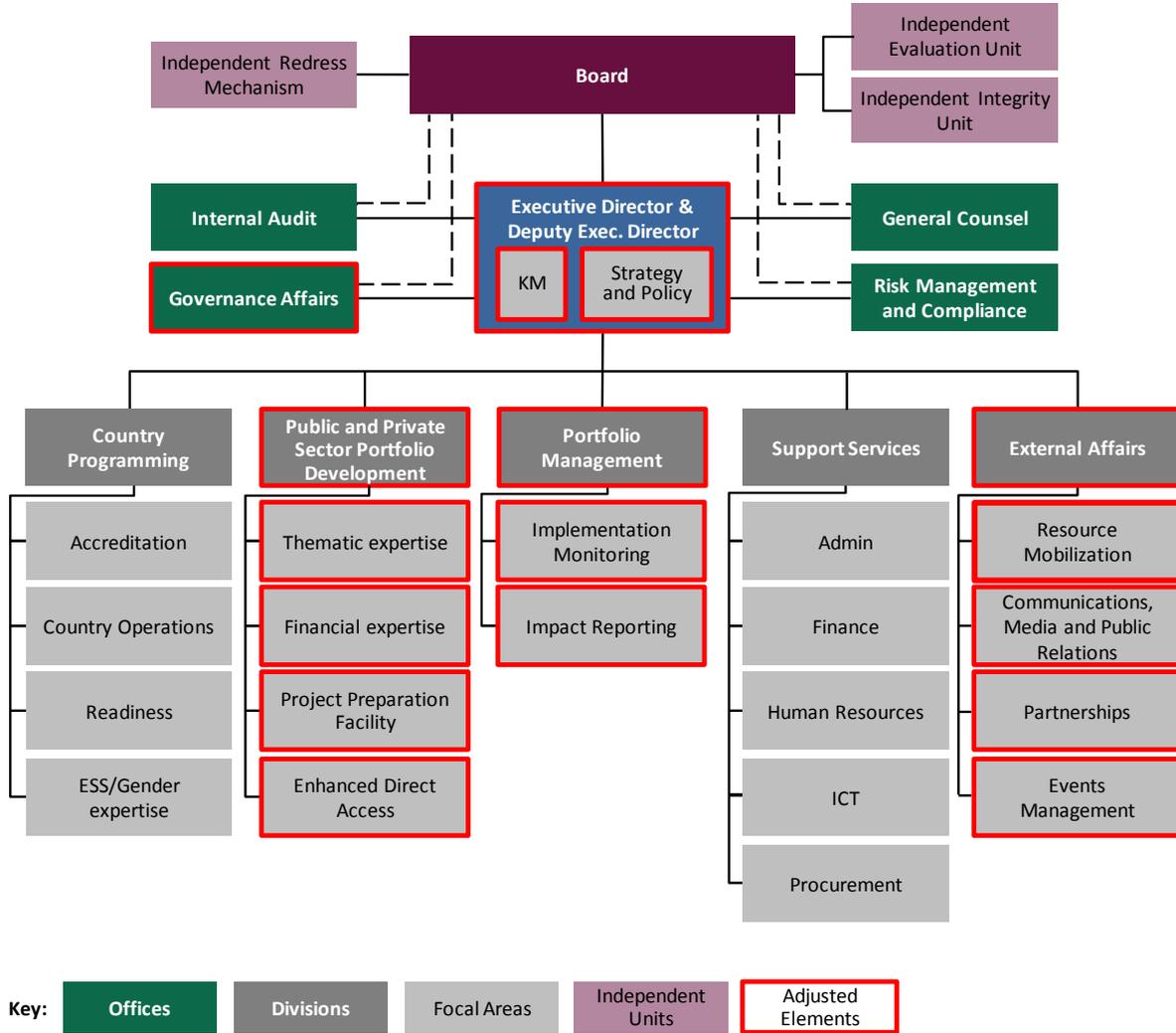
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<sup>47</sup> Interviews with GCF Secretariat (May - August 2017)

**PROPOSED LONG-TERM ORGANOGRAM OF GCF’S SECRETARIAT**

Based on the structural changes outlined above, the following figure represents the proposed long-term organogram of GCF’s Secretariat.

**Figure 11. Proposed long-term organogram of GCF’s Secretariat**



**4.3.3 INITIATIVES TO SUPPORT THE IMPLEMENTATION OF THE OPERATING MODEL**

The proposed changes to the structure and capacity of the Secretariat can be supported through three additional interventions:

- 1. Establish project team to consider the next iteration of GCF’s business model (Business Model 2.0).** This document provides initial considerations as to how GCF’s business model could be adjusted to better promote a transformational, global paradigm shift towards low emission and climate resilient development. The Secretariat should consider establishing a project team to coordinate and oversee the next iteration of revisiting GCF’s business model to determine whether it is still fit for purpose.
- 2. Re-engineer processes once the business model has been finalized.** Internal processes relevant to the existing operating model are currently being mapped by a consultant, including the roles and responsibilities of all teams at each stage of the project cycle. This will be

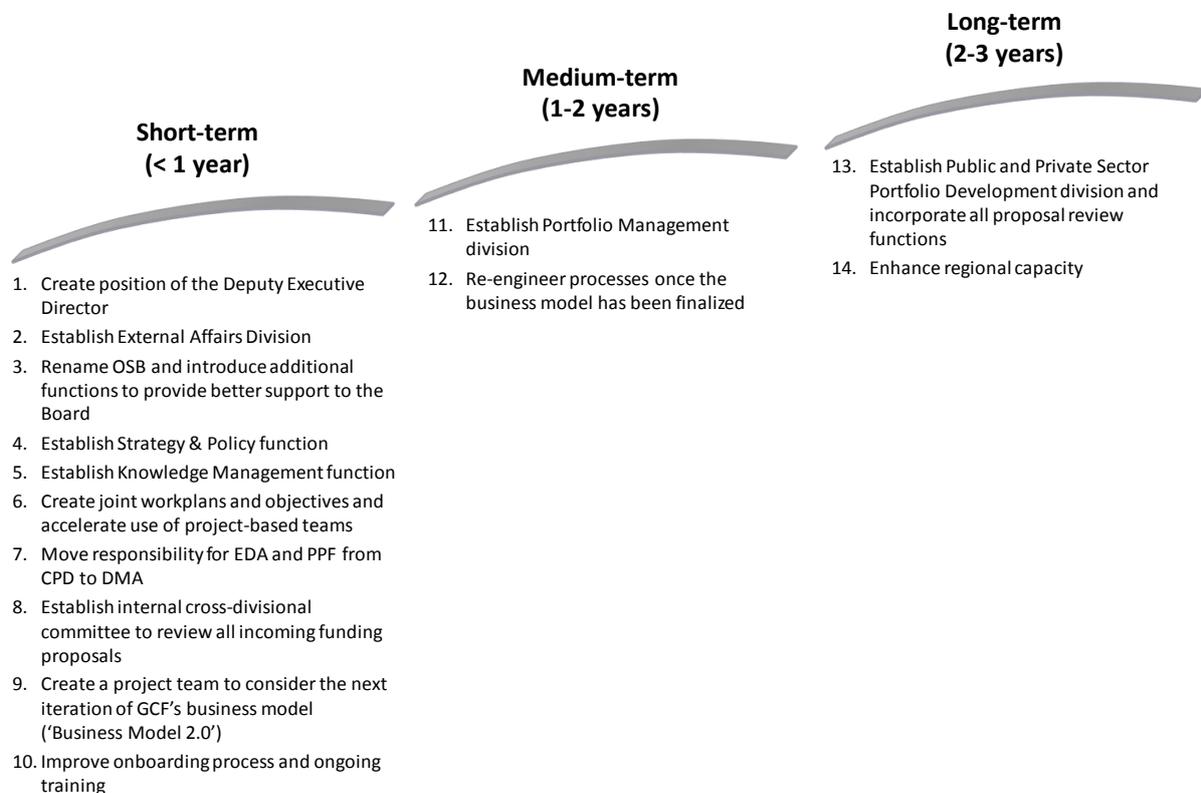
followed by a process re-engineering phase, whereby existing processes will be reorganized to increase efficiencies, reduce duplicative and iterative processes, and reduce the overall work burden on the Secretariat. The Secretariat should consider undertaking a similar process once the business model has been finalized.

3. **Improve onboarding processes and ongoing training.** Until recently, most divisions and offices have not had formal orientation or training programs, which resulted in lost time as new staff oriented themselves and existing staff informally onboarded them. In recognition of this challenge, GCF has recently introduced a half-day onboarding program for new staff which provides an overview of GCF and its structure. GCF should continue to use and improve this onboarding process as the organization grows. In addition to the initial training provided to new hires, the Secretariat has also recently allocated budget to each division/office to offer ongoing training. Continuing these efforts will be crucial to ensure that staff are able to further develop their competencies and address any professional development goals.

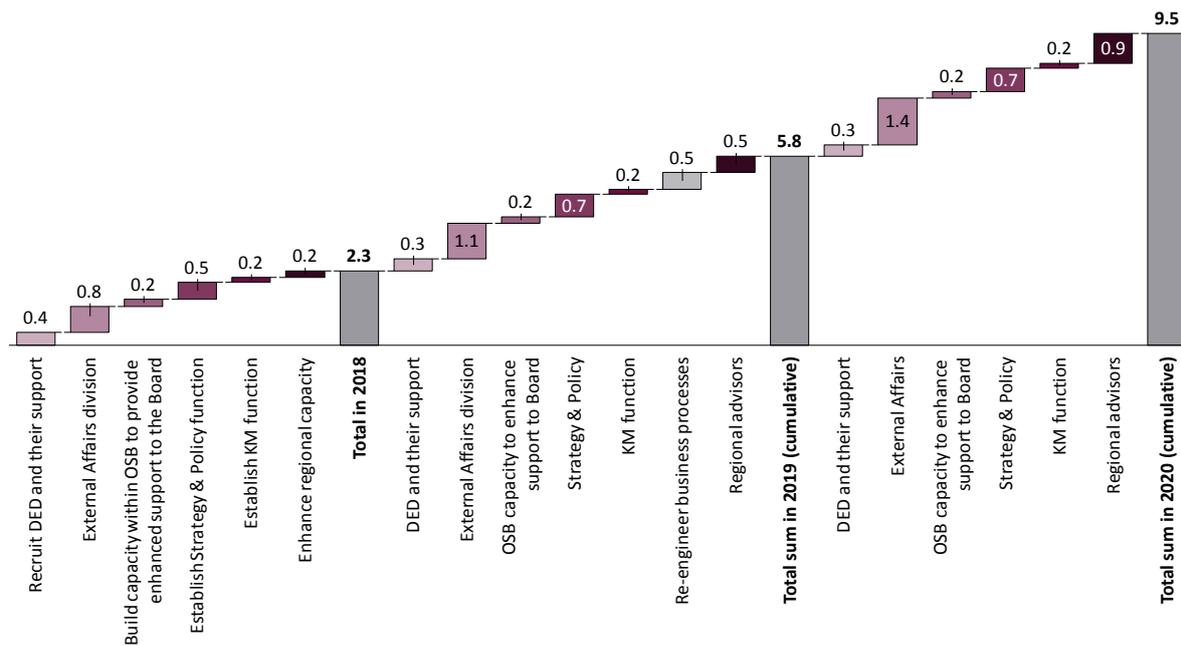
## V. IMPLEMENTATION PLAN

In order for GCF to implement the recommended changes to the operating model, Dalberg has developed a phased implementation plan over the next three years with concrete, prioritized actions for each recommendation. Short-term activities should be implemented within the next year, medium-term activities should be implemented over a one to two year time horizon and long-term activities should be implemented over a two to three year time horizon. Short-term changes will build on the Secretariat's existing structure in order to minimize organizational disruption. Medium-term and long-term changes focus on removing structural barriers to collaboration and overcoming structural gaps within the Secretariat. The sequencing of activities also aims to avoid critical path issues whereby certain activities need to be completed before others can begin (e.g., an internal committee should be convened to determine the next iteration of GCF's business model before the operating model processes are re-engineered). Please refer to Annex F for details on specific activities, responsibilities, key risks and mitigation strategies.

**Figure 12. Suggested timeline for implementing recommended changes**



**The total cumulative cost of implementing the recommended changes over 2018-2020 is estimated to be ~USD 10 million, with the short-term costs (2018) being ~USD 2.3 million.** As shown in the figure below, the most expensive initiative is anticipated to be establishing an External Affairs division, given the number of new hires required, including a Director position. It should be noted that these costs only capture a proportion of required investments as current members of the Secretariat will also have to invest time and effort into realizing these action items, for example in accelerating the use of project-based teams to set joint objectives and workplans. Please refer to Annex F for a full breakdown of assumed costs for each of the initiatives.

**Figure 13. Estimated costs of implementation plan<sup>48</sup>**

As the Secretariat's headcount increases, Dalberg suggests that GCF considers two key additional recommendations:

- Recruitment should be prioritized for functions with the largest gap between current and projected capacity.** Public and private sector proposal review, team assistants, finance, ICT, and country operations are currently the most understaffed functions (see Figure 14). Prioritizing these functions aligns with the need for increased capacity in project cycle-related functions, given the increasing emphasis on upstream engagement and the anticipated increase in project-related workload post-Board approval. GCF's current staffing distribution is also top-heavy compared to some benchmark organizations. For example, the ADB has a ratio of 1 administrative staff to every 1.5 professional staff,<sup>49</sup> whereas GCF has a ratio of 1 administrative staff to every 3.4 international staff. As a result, GCF should consider prioritizing the recruitment of junior professionals and supporting team assistants to ensure that it has sufficient administrative support. This is particularly important for the project-related functions such as CPD, DMA and PSF, which have the least amount of administrative support, with between 11% and 14% of their teams being comprised of AS-level staff.<sup>50</sup>
- A standardized process for determining which activities are conducted in-house versus outsourced should be adopted.** GCF currently outsources several project-related functions to delivery partners including (i) reviewing accreditation applications, which is outsourced to KPMG; and (ii) reviewing Readiness applications, which is partially outsourced to PwC. In addition, the current capacity of the Secretariat is enhanced through the use of full-time consultants, with at least 22.5 consultant FTEs being involved in core operations.<sup>51</sup> This may

<sup>48</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable. Dalberg's suggested initiatives which will draw on additional staff time but are unlikely to have significant associated costs have not been included in this figure.

<sup>49</sup> Asian Development Bank budgeted for 1,261 administrative staff and 1,921 professional staff (national and international) in 2016. See Budget of the Asian Development Bank for 2016 (November 2015).

<sup>50</sup> Based on list of Secretariat staff, Human Resources (21 June 2017)

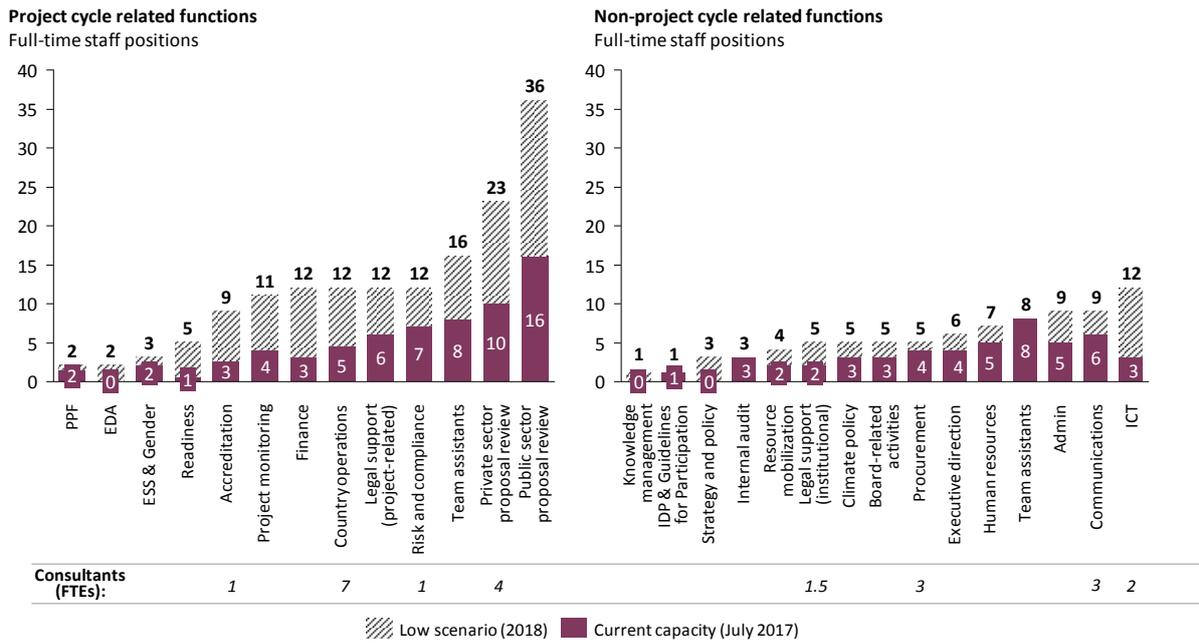
<sup>51</sup> Based on interviews with Secretariat and *Report on the status of the staffing of the Secretariat* GCF/B.17/Inf.03. Full-time consultants: 4 in PSF, 3 in CPD, 3 in Communications, 3 in Procurement, 2 in ICT, 1.5 in OGC, and 1 in ORM. CPD also employs 8 Regional Advisors, equivalent to ~5 FTEs.

create legal risks for GCF, as these consultants conduct the same activities as full-time members of staff but do not receive the same benefits. To ensure that Dalberg's projected capacity is optimally allocated between in-house staff and consultants, and to reduce GCF's exposure to the above risks, GCF should adopt a standard approach for deciding which activities to outsource. When developing this approach, GCF should consider four factors:

- **Does the activity require strategic or technical engagement or is it mostly process-based?** It may be easier to outsource process-based activities as these require and generate less institutional knowledge than strategic or technical engagements. For example, it may be easier to outsource activities such as conducting completeness checks on funding proposals or drafting contracts, compared to activities such as developing AE work plans that align with GCF's investment criteria.
- **How long will the engagement last?** Outsourcing could be beneficial for managing short-term spikes in workload, such as implementing a new ICT system.
- **How large will the engagement be?** When outsourcing activities, GCF needs to ensure there is an internal staff member to coordinate and conduct quality assurance. If the amount of work to be outsourced is relatively small, this may not be cost-efficient.
- **Will outsourcing result in better outcomes for lower cost?** GCF should aim to be cost-efficient when deciding whether to outsource projected staff capacity, and could use trial periods to evaluate whether outsourcing will result in better outcomes.

There may be exceptions to this approach, depending on other factors. For example, engaging technical consultants upstream to help build the capacity of NDAs is not a process-based or a short-term task, but something that GCF may want to consider as an option if it is concerned about creating conflict-of-interests between project origination and review. However, in general, setting this standardized approach to guide GCF's outsourcing decisions will ensure consistency in standards across divisions and offices, reduce risks to GCF, and ensure a more productive and effective Secretariat.

Figure 14. Projected size of GCF’s Secretariat (2018) vs. current capacity (July 2017), by function<sup>52</sup>



<sup>52</sup> Current capacity is based on information shared by Human Resources on July 12<sup>th</sup>, 2017. Figures do not include the position of the Executive Director. The current capacity numbers shown for PPF, Readiness, Accreditation and Country operations have been rounded up, due to some staff members splitting their time across multiple functions. The current capacity for PPF is 1.5 FTEs, Readiness is 0.5 FTE, Accreditation is 2.5 FTEs, and country operations is 4.5 FTEs as of July 2017. The number of consultants refers to those involved in GCF’s core operations (e.g., CPD employs 8 Regional Advisors, equivalent to ~5 FTEs which we have classified under country operations).

## ANNEX A: LIST OF DOCUMENTS REVIEWED

Document No.	Document title
GCF/B.04/08	Business Model Framework: Structure and Organization
GCF/B.05/10	Initial structure and staffing of the Secretariat
GCF/B.07/07	Structure of the Fund and the Secretariat
GCF/B.08/Inf.05	Annual update on the structure and staffing of the Secretariat
GCF/B.11/11	Annual update on the structure and staffing of the Secretariat
GCF/B.11/24	Decisions of the Board – eleventh meeting of the Board
GCF/B.11/25	Report of the eleventh meeting of the Board
GCF/B.12/06	Report on the development of the Draft Strategic Plan
GCF/B.12/32	Decisions of the Board – twelfth meeting of the Board
GCF/B.12/33	Report of the twelfth meeting of the Board
GCF/B.13/20	Status of staffing of the Secretariat – a progress report
GCF/B.13/32/REV.01	Decisions of the Board – thirteenth meeting of the Board
GCF/B.13/33	Report of the thirteenth meeting of the Board
GCF/B.14/17	Decisions of the Board – fourteenth meeting of the Board
GCF/B.14/18	Report of the fourteenth meeting of the Board
GCF/B.15/03	Draft Work Plan of the Board for 2017
GCF/B.15/24	Decisions of the Board – fifteenth meeting of the Board
GCF/B.15/25	Report of the fifteenth meeting of the Board
GCF/B.16/04	Implementation of the initial strategic plan of the GCF – Annual Report
GCF/B.16/21/REV.01	Work programme of the Secretariat for 2017 and adjusted administrative budget
GCF/B.16/23	Decisions of the Board – sixteenth meeting of the Board
-	List of staff (21 June 2017)
-	GCF staff survey 2017
-	GCF staff data (confidential)
-	GCF full-time HQ consultant list (confidential)

## ANNEX B: LIST OF INTERVIEWEES

Category	Position
Secretariat	Country Programming Division (CPD) including Acting Director, Country, Dialogue Specialists, Accredited Entities Specialists, and Gender, Environmental & Social Safeguards Specialists
	Division of Mitigation and Adaptation (DMA)
	DSS – Administration
	DSS – Finance and Resource Mobilization
	DSS – HR
	DSS – ICT
	DSS – PMU
	DSS – Procurement
	Executive Director
	Consultant responsible for Operations Manual
	Communications & Outreach
	Office of General Counsel (OGC)
	Office of Internal Audit (OIA)
	Office of Risk Management (ORM) and Compliance
	Office of Secretary to the Board (OSB)
	Private Sector Facility (PSF)
	Senior Management Team (SMT)
	Staff Council
	All Staff
	Board members / stakeholders
Ewen McDonald	
Diann Black-Layne	
Ignacio Lorenzo	
Teimuraz Murgulia	
Paul Oquist	
Ludovica Soderini	
Nauman Bashir Bhatti	
Caroline Leclerc	
Omar El-Arini	
Head of Accreditation Panel	

	Head of Independent Technical Advisory Panel
	Advisors to the Board Co-Chairs
	Independent Evaluation Unit
	Independent Integrity Unit
	Independent Redress Mechanism
Accredited Entities	Environmental Investment Fund of Namibia
	European Investment Bank
	Secretariat of the Pacific Regional Environment Programme (SPREP)
	XacBank
National Designated Authorities / Focal Points	Gambia
Benchmark organizations	Adaptation Fund
	CDC Group
	Climate Investment Funds (CIF)
	Gavi Alliance
	Global Environment Facility (GEF)
	Global Fund to Fight AIDS, Tuberculosis and Malaria
	Multilateral Fund for the Implementation of the Montreal Protocol

## **ANNEX C: HISTORY OF THE SECRETARIAT'S STRUCTURE**

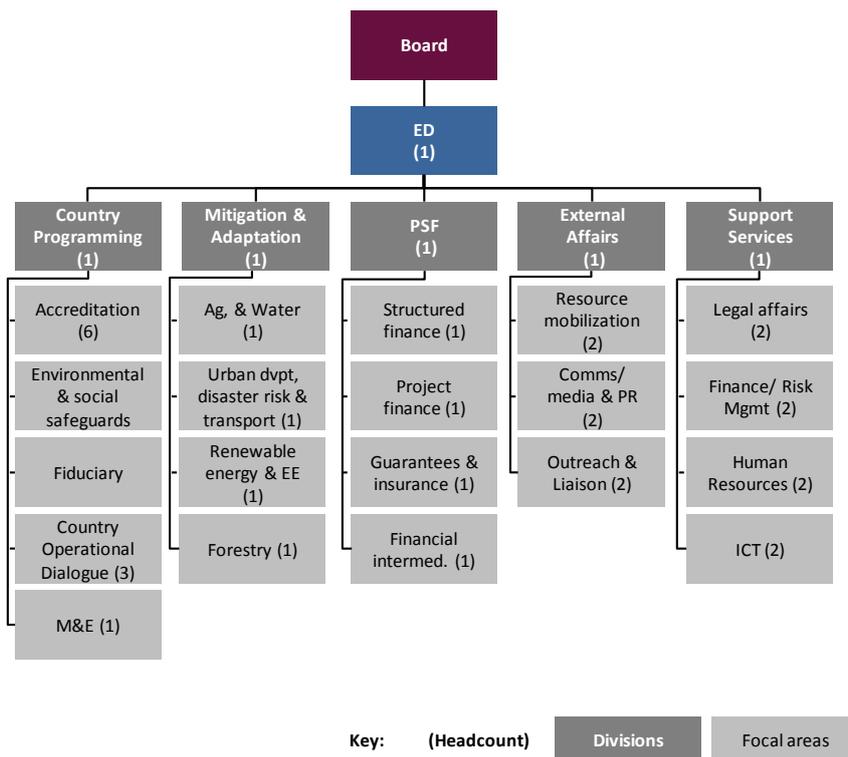
### **INITIAL STRUCTURE AND RATIONALE**

In accordance with decisions of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), GCF began moving from an interim institutional phase towards a permanent, operational organization in 2013. The Board was presented with a range of organizational structure options, and highlighted three fundamental considerations. First, the Fund needed to be made operational quickly. Second, the Fund should have the flexibility to evolve over time as it grows in response to country-driven demand. Third, the Fund's structure should be cost-effective and therefore simple and streamlined.

In light of these considerations, the Board converged on a structure that centred on mitigation and adaptation, with a separate Private Sector Facility, a strong country focus, internal coherence and linkages, and the flexibility to evolve over time. The Board believed this structure would provide more focus and cost-effectiveness in the short-term, with sufficient support for specific country ownership.

The initial structure and staffing of the Secretariat was approved by GCF's Board at its fifth meeting in 2013. The initial structure reflected the Board's decision at the fourth meeting and the provisions and principles from the Governing Instrument, and was designed around the Fund's operational priorities so that the majority of its functions could be delivered directly by its organizational units. These functions included initiating country dialogue, readiness support and programming, engaging the private sector and acquiring thematic expertise on mitigation and adaptation. The five divisions of the approved structure were Country Programming (CPD), Mitigation and Adaptation (DMA), Private Sector Facility (PSF), External Affairs and Support Services (DSS), as shown in Figure 15.

Figure 15. Approved structure of the Secretariat in B.5 (2013)<sup>53</sup>



## EVOLUTION OF THE SECRETARIAT’S STRUCTURE OVER TIME

In keeping with Board recommendations, the Fund’s evolving needs, and the Governing Instrument, the Secretariat’s structure and size has been adjusted over time. In that regard, there have been a number of important changes from the initially envisioned structure.

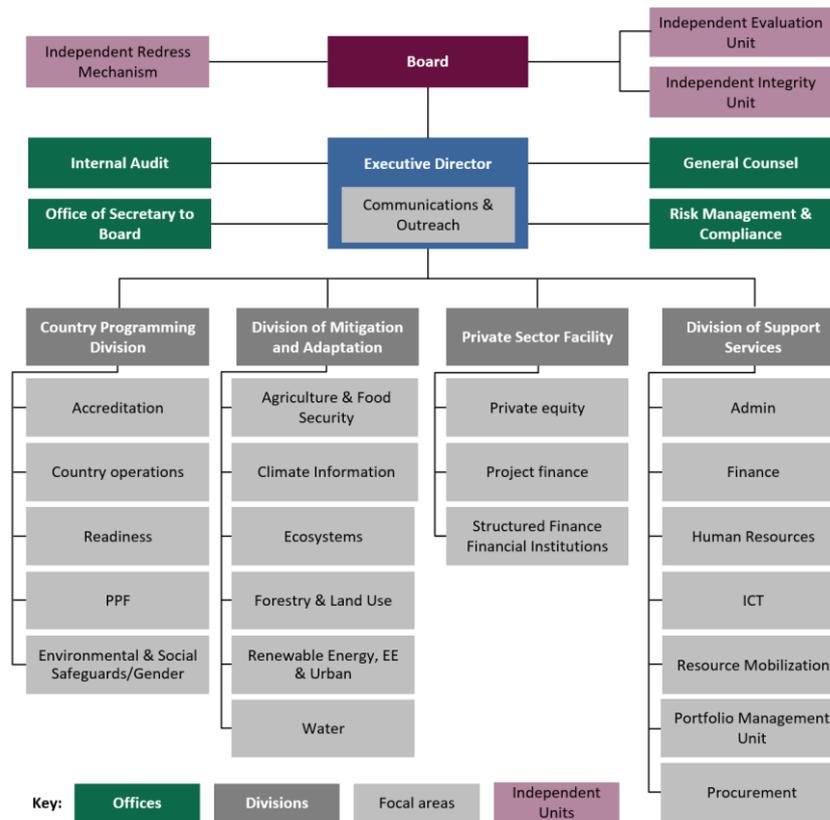
At the seventh meeting, the Board decided that the General Counsel and the Risk Manager should report directly to the Executive Director, and provide advice to the Board in their respective areas.<sup>54</sup> It also became evident that the Office of the Secretary to the Board needed to be strengthened with increased direct access to the Board. During the recruitment process, the Secretariat realised that some positions approved in the initial structure could not be filled by a single person due to the diverse skill requirements required for the job, and some positions could be filled by less senior, competent candidates whilst others had to be filled at higher levels than originally envisioned.

As a result, an updated Secretariat structure was presented at the eighth Board meeting in 2014. The updates included creating three offices: General Counsel, Risk Management and Secretary to the Board; without the establishment of the External Affairs division. These adjustments did not result in a net increase in the number of approved positions, or in an upgrade to the levels of existing positions. Subsequent to this, the Secretariat added an Internal Audit unit that reports directly to the Executive Director and a Portfolio Management Unit (PMU) under DSS, resulting in GCF’s current structure shown in Figure 16.

<sup>53</sup> Initial Structure and Staffing of the Secretariat, GCF/B.05/10 September 2013

<sup>54</sup> GCF/B.07/11 Annex XI, Table 2

**Figure 16. Current structure of the Secretariat<sup>55</sup>**



The Secretariat proposed a major update to the Secretariat’s structure at the eleventh meeting in October 2015 which entailed building divisions around functional responsibilities. This was not approved by the Board as there were some concerns with the proposed structure. In particular, the Board was worried the new structure might dilute the elements of the PSF; highlighted the risk of splitting the tasks of portfolio management and development into a Portfolio Management and Operations Division (PMO) and Portfolio Development and Investment Division (PDI) and that having the same people overseeing these two processes together might be more beneficial; and raised questions around how the new structure would deliver better outcomes than the current structure.<sup>56</sup> The Board was also concerned about approving a new structure given that a strategic plan had not yet been developed.

<sup>55</sup> Annual Update on the Structure and Staffing of the Secretariat GCF/B.08/Inf.05 September 2014

<sup>56</sup> Annual update of structure and staffing of the Secretariat, GCF/B.11/11, October 2015; Report of the eleventh meeting of the Board, 2–5 November 2015

## ANNEX D: DETAILED METHODOLOGY FOR CAPACITY PROJECTION

### 1. Determine key functions of GCF's Secretariat

*Dalberg identified key functions within current divisions and offices, and used these as a base unit to project staff capacity. These functions were categorized as (i) project cycle-related, which are those functions directly related to the origination, review, approval, disbursement, monitoring, and evaluation of projects; and (ii) non-project cycle-related, which are those functions that run and maintain GCF's operations, provide executive guidance, and enable the Secretariat to liaise with governance bodies and external partners. Dalberg also included functions that currently lack dedicated staff members responsible for them, notably, strategy and policy and knowledge management.*

Project cycle-related functions	Non-project cycle-related functions
PPF	IDP and guidelines for participation <sup>1</sup>
Enhanced Direct Access (EDA)	Climate policy <sup>1</sup>
Readiness	Board-related activities
ESS & Gender	Legal support (institutional)
Accreditation	Internal audit
Country operations	Resource mobilization
Finance	Human resources
Project monitoring	Procurement <sup>1</sup>
Legal support	Admin
Risk and compliance <sup>157</sup>	ICT
Private sector proposal review	Knowledge management
Public sector proposal review	Strategy and policy
	Executive direction
	Communications

<sup>57</sup>(1) Although these functions are cross-cutting across both project and non-project cycle-related functions, we have categorized them based on where the majority of their workload originates.

**Functions mandated to each division and office by the Board**

*Each division and office has specific functions that it is mandated by the Board to deliver.*

Division/ Office	Mandate <sup>58</sup>
CPD	<ul style="list-style-type: none"> <li>• Manage the Fund’s country strategy and programme support.</li> <li>• Work directly with countries to develop (i) national strategies for low emission and climate resilient development, and (ii) programmatic approaches to implement such strategies and integrate mitigation and adaptation activities in national development plans.</li> </ul>
DMA	<ul style="list-style-type: none"> <li>• Manage all matters relating to mitigation and adaptation within the Fund.</li> <li>• Initiate and maintain project pipelines that will provide an appropriate flow of proposals for adaptation and mitigation activities to be financed by the Fund’s thematic windows, including associated institutional capacity-building requirements.</li> </ul>
PSF	<ul style="list-style-type: none"> <li>• Promote the participation of private sector actors in developing countries, particularly local actors (incl. SMEs and local financial intermediaries) and in LDCs, SIDS and African States.</li> <li>• Catalyse and mobilize private sector investment at scale (e.g., from institutional investors such as pension funds and sovereign wealth funds).</li> </ul>
DSS-Admin	<ul style="list-style-type: none"> <li>• Carry out overall administration of the Secretariat, to include day-to-day operational support, as well as institutional support</li> </ul>
DSS-Finance	<ul style="list-style-type: none"> <li>• Oversee all budgetary and operational financial matters, as well as providing operational financial and accounting services to the Secretariat, which will be based on best practice standards.</li> </ul>
DSS-HR	<ul style="list-style-type: none"> <li>• Manage all HR-related activities of the Fund, including initiating and facilitating recruitment actions, administering staff salaries, and staff development and training.</li> </ul>
DSS-ICT	<ul style="list-style-type: none"> <li>• Develop and implement all technical platforms and infrastructures, which will allow the Fund to operate with the state-of-the-art technology, to enable efficient and effective operations of all divisions.</li> </ul>
DSS-PMU	<ul style="list-style-type: none"> <li>• Monitor implementation of projects, programmes, and activities after the first disbursement.</li> <li>• Receive reports required by AMAs and grant/framework agreements.</li> <li>• Review performance against investment criteria, the monitoring and accountability framework, and the performance measurement framework at the strategic, Fund, and project/programme level.</li> <li>• Review and report on impact, variance, compliance, covenants, ratings freshness, and suggest corrective action and possible restructuring.</li> </ul>
DSS-Procurement	<ul style="list-style-type: none"> <li>• Conduct fiduciary due diligence of implementing entities and intermediaries.</li> <li>• Provide operational procurement support to the Secretariat, including all travel-related matters.</li> </ul>
DSS-Resource Mobilization	<ul style="list-style-type: none"> <li>• Fundraising and cultivating long-term relationships with existing contributors and prospective contributors in Governments and the private sector (corporations, investment funds, foundations, etc.)</li> </ul>
OED	<ul style="list-style-type: none"> <li>• Represent the Fund externally and provide strategic leadership for the organization to carry out its objectives,</li> </ul>

<sup>58</sup> Mandates for CPD, DMA, PSF, Admin, Finance, HR, ICT, Procurement, Resource Mobilization, OED, Comms, OGC and OSB are taken from B.5, where OSB and Resource Mobilization were initially part of the External Affairs division. All others are taken from Secretariat Workplan 2017.

Sources: GCF/B.05/10 – Initial Structure and Staffing of the Secretariat; GCF/B.16/21/REV.01 – Work Programme of the Secretariat for 2017.

Division/ Office	Mandate <sup>58</sup>
Communications (External Affairs)	<ul style="list-style-type: none"> <li>• Manage the Fund’s relationships with other institutions, partners, and observer organizations; communication functions, including media relations, public relations and events; the Fund’s website, online presence and social media; meetings and conference services; and coordination of the Executive Director’s speaking engagements and related activities.</li> </ul>
OIA	<ul style="list-style-type: none"> <li>• Prepares internal audit plans each year for the approval of the Executive Director.</li> <li>• Drafts audit manuals, tools and templates and selects and deploys audit software.</li> </ul>
OGC	<ul style="list-style-type: none"> <li>• Provide legal, policy and strategic advice to the ED and the Board, and overall corporate and operational legal advice.</li> <li>• Establish the administrative and operational regulatory framework of the Fund.</li> <li>• Conduct due diligence and review of all substantive divisions of the Secretariat with legal implications.</li> </ul>
ORM	<ul style="list-style-type: none"> <li>• Manage risks that the Fund is exposed to as a result of its activities, including financial, reputational, environmental and social risks.</li> </ul>
OSB	<ul style="list-style-type: none"> <li>• Coordinate support to the Board, its committees and panels.</li> <li>• Serve as liaison between GCF and the COP.</li> </ul>

## 2. Determine key indicators of work volume for each function:

*Dalberg identified key quantitative and qualitative indicators of work volume for each function, based on interviews with the Secretariat. These included: the number and type of AEs; the number of Readiness packages, PPF packages, concept notes, funding proposals, FAAs and AMAs; and the proportion of time spent on policy papers and Board papers.*

### **Key indicators of work volume for project cycle-related functions**

Function	Key indicators of work volume
Country operations	<ul style="list-style-type: none"> <li>Number of countries per FTE (driven by extent of upstream engagement)</li> </ul>
Readiness	<ul style="list-style-type: none"> <li>Number of Readiness packages</li> </ul>
EDA	<ul style="list-style-type: none"> <li>Number of EDA proposals</li> </ul>
Accreditation	<ul style="list-style-type: none"> <li>Number of Accredited Entities</li> <li>Ratio of International Entities vs Direct Access Entities</li> </ul>
ESS & Gender	<ul style="list-style-type: none"> <li>Number of funding proposals that require input from ESS &amp; Gender</li> <li>Number of PPF packages that require input from ESS &amp; Gender</li> <li>Number of Readiness packages that require input from ESS &amp; Gender</li> </ul>
PPF	<ul style="list-style-type: none"> <li>Number of PPF packages</li> </ul>
Legal support (project-related)	<ul style="list-style-type: none"> <li>Number of funding proposals and Readiness packages</li> <li>Number of AMAs</li> <li>Number of FAAs</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Number of funding proposals</li> <li>Number of Readiness packages</li> <li>Number of PPFs</li> </ul>
Risk and compliance	<ul style="list-style-type: none"> <li>Number of funding proposals</li> <li>Extent of support needed for internal institutional functions (e.g., internal compliance, risk framework)</li> </ul>
Public sector proposal review	<ul style="list-style-type: none"> <li>Number of funding proposals</li> <li>Number of concept notes</li> <li>Number of PPFs</li> <li>Number of NAPs/Readiness packages</li> <li>Number of approved projects</li> <li>Extent of upstream engagement (which affects number of structured dialogues and Country Programmes that require technical input from DMA)</li> <li>Number of disbursements (as DMA's involvement continues until first disbursement)</li> <li>Policy documents, board papers and knowledge management</li> </ul>
Private sector proposal review	<ul style="list-style-type: none"> <li>Capacity projections have been based on internal PSF projections of required skillsets and benchmarking against development finance institutions such as the CDC Group</li> </ul>
Project monitoring	<ul style="list-style-type: none"> <li>Capacity projections have been based on internal PMU projections of required skillsets across project-related and institutional functions</li> </ul>
Cross-cutting	<ul style="list-style-type: none"> <li>Percentage of time spent on policy and progress update papers for the Board</li> </ul>

**Key indicators of work volume for non-project cycle-related functions**

Function	Key indicators of work volume
Executive direction	<ul style="list-style-type: none"> <li>Anticipated recruitment of Deputy Executive Director (DED) and a junior professional support staff member for the DED</li> </ul>
Communications	<ul style="list-style-type: none"> <li>Number of active projects</li> <li>Timing and duration of replenishment process</li> </ul>
Strategy & Policy	<ul style="list-style-type: none"> <li>Indicators of work volume are not applicable, as these functions are currently missing</li> </ul>
Knowledge Management	<ul style="list-style-type: none"> <li>Indicators of work volume are not applicable, as these functions are currently missing</li> </ul>
Legal	<ul style="list-style-type: none"> <li>Extent of support needed for internal institutional functions (e.g., procurement, HR, resource mobilization)</li> <li>Diversification of contributor base to include non-sovereign actors</li> </ul>
Internal audit	<ul style="list-style-type: none"> <li>Total size of financial transactions</li> <li>Composition of internal team structure</li> </ul>
Board-related activities	<ul style="list-style-type: none"> <li>Number of funding proposals or policy papers per Board meeting</li> <li>Number of Board meetings per year</li> <li>Additional requested support for new Co-Chairs (2018) and Board members in new term (2019)</li> </ul>
Climate policy	<ul style="list-style-type: none"> <li>Extent to which international climate policy becomes more dynamic and/or complex</li> <li>Extent to which international climate policy is applied to internal operations</li> </ul>
IDP and guidelines for participation	<ul style="list-style-type: none"> <li>Number of active projects</li> <li>Number of external observers</li> </ul>
Admin	<ul style="list-style-type: none"> <li>Size and complexity of balance sheet (including ratio of IAEs to DAEs)</li> <li>Size, number, and location of offices</li> </ul>
Human resources	<ul style="list-style-type: none"> <li>Secretariat headcount</li> <li>Pace of creating and filling new vacancies</li> <li>Greater focus on learning, development, and performance management</li> </ul>
ICT	<ul style="list-style-type: none"> <li>Secretariat headcount (capacity based on Gartner benchmarks)</li> <li>Demand from GCF business processes for sophisticated ICT systems</li> <li>Financial throughput and throughput of confidential data (which affect security risks)</li> </ul>
Resource mobilization	<ul style="list-style-type: none"> <li>Number of contributors</li> <li>Diversity of contributor base (e.g., to include foundations, cities and private sector)</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>Development of internal procurement guidelines</li> <li>Appetite for additional fiduciary functions</li> <li>Demand for travel (driven by Secretariat headcount)</li> <li>Demand for procurement advice (driven by number of projects and AEs)</li> </ul>

### 3. Project the annual size of each indicator of work volume:

*Dalberg projected the work volume of each indicator using a combination of historical data, stakeholder interviews and internal projections.*

#### **Key assumptions for pre-Board approval workload**

Based on IPMS data and interviews with Secretariat, Dalberg assumed that:

- 85% of IAEs will submit concept notes every year. 76% of IAEs will submit funding proposals in their first year, and 84% in their second year onwards.
- 64% of DAEs will be active in terms of submitting concept notes in their first year and 69% in their second year onwards. 52% of DAEs will be active in terms of submitting funding proposals in their first year, and 73% in their second year onwards.

GCF will receive six concept notes and four funding proposals from each active IAE per year. GCF will receive two concept notes and one funding proposal from 50% of active DAEs per year, and two concept notes and one funding proposal from the other 50% of active DAEs once every 3 years, given the limited capacity of some DAEs to simultaneously develop funding proposals and implement funded projects.

Based on IPMS data and interviews with Secretariat:

- There is a time lag of 60 days between DAE accreditation and submission of first concept note. There is a time lag of 203 days between DAE accreditation and submission of first funding proposal.
- There is a time lag of 0 days between IAE accreditation and submission of first concept note, as they have typically developed concept notes in parallel with the accreditation process. There is a time lag of 137 days between IAE accreditation and submission of first funding proposal.
- PPFs are assumed to be 50% of the number of funding proposals.

#### **Key assumptions for post-Board approval workload**

There will be no material changes to the current approval process for funding proposals.

The Board has a limited, but growing, capacity to approve projects. The number of projects approved per year will increase from 40 in 2017 to 50 in 2018 and to 60 thereafter.

- Assuming that the average project size is USD 52 million, then total approved project funding in 2020 would be ~USD 3.1 billion.<sup>59</sup>
- Even with an increase in average project size to USD 80 million, based on the anticipated higher volume of projects from IAEs such as the World Bank, this would imply total approved project funding of USD 4.8 billion in 2020.

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<sup>59</sup> Average project size is calculated as a weighted average of approved projects from DAEs and IAEs as of B.17 (average size of USD 21M across 11 DAEs and average size of USD 63M across 32 IAEs). See IPMS database.

**Projection of key indicators of work volume<sup>60</sup>**

Indicators of work volume	Annual volume			
	2017	2018	2019	2020
Number of new AEs (mid-point of our projected range)	6	23	25	17
Number of new IAEs (mid-point of our projected range)	2	10	9	6
Number of new DAEs (mid-point of our projected range)	4	13	16	11
Number of NAP/Readiness packages	140	260	260	260
Number of PPFs	49	64	83	96
Total number of concept notes submitted by IAEs	138	189	235	265
Total number of concept notes submitted by DAEs	20	31	44	47
% of IAEs that will submit funding proposals per year	76% (Y1 of AE status) 84% (Y2 onwards)			
% of DAEs that will submit funding proposals per year <sup>61</sup>	52% (Y1 of AE status) 73% (Y2 onwards)			
Total number of funding proposals submitted by IAEs	88	110	141	166
Total number of funding proposals submitted by DAEs	9	17	25	26
Capacity adjustment for time spent on policy documents/ progress update papers to the Board	+5%	+5%	+5%	+5%

**4. Translate work volume into number of FTEs required for each function**

*Dalberg projected the required capacity for each function using a combination of capacity modelling, stakeholder interviews, and benchmarking of comparable organizations. Benchmark organizations included: Adaptation Fund; Asian Development Bank; CDC Group; Climate Investment Funds; Gavi Alliance; Global Environment Facility; Global Fund to Fight AIDS, Tuberculosis and Malaria; and the Multilateral Fund for the Implementation of the Montreal Protocol. Dalberg estimated baseline capacity in both low and high scenarios, assuming there will be a move towards greater upstream engagement with NDAs and AEs, but no material changes to the current processes of accreditation and funding proposal review.*

<sup>60</sup> Values have been rounded. In all workload and capacity projections, we have used the mid-points of projected ranges of number of AEs.

<sup>61</sup> For DAEs, Dalberg assumed that 50% of those that submit CNs/FPs will submit on an annual basis, and the other 50% will submit once every three years given their limited capacity to simultaneously develop funding proposals and implement funded projects.

**Key assumptions underlying projected capacity for project cycle-related functions<sup>62</sup>**

Function	Key assumptions used for staff capacity	Insights from benchmarking
PPF	<ul style="list-style-type: none"> <li>Number of PPF packages per dedicated FTE: 20-33 per FTE (lower bound based on interviews with Secretariat and upper bound based on current ratio of 1.5 FTEs processing 49 PPF packages)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Readiness	<ul style="list-style-type: none"> <li>Number of Readiness packages per dedicated FTE: 48-56 (lower bound based on interviews with Secretariat and upper bound based on current ratio of 2.5 FTEs processing 140 Readiness grants)</li> <li>Assumes addition of 2 FTEs for Adaptation Planning from 2018</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
EDA	<ul style="list-style-type: none"> <li>Assumes number of EDA proposals will be 15 per year</li> <li>Projected number of EDA packages per dedicated FTE: 8</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
ESS & Gender	<ul style="list-style-type: none"> <li>Number of funding proposals per dedicated FTE: 20</li> <li>Number of PPF packages per dedicated FTEs: 20</li> <li>Number of Readiness packages per dedicated FTE: 20</li> <li>Proportion of funding proposals/PPFs that require ESS &amp; Gender input: 50%</li> <li>Proportion of Readiness packages that require ESS &amp; Gender input: 10%</li> </ul>	<ul style="list-style-type: none"> <li>At Global Fund, ESS &amp; Gender specialists comprise ~2% of staff headcount (12/725).</li> <li>At the CDC Group, Environmental and Social Responsibility staff are 7% of total (16/229).</li> <li>CIF has 1 FTE responsible for gender issues and GEF has 1 FTE responsible for gender and social issues and 1 FTE responsible for environmental issues, although this might be a minimum viable number based on the demand for this skillset rather than a reflection of current work volume.</li> </ul>
Accreditation	<ul style="list-style-type: none"> <li>Number of DAEs per dedicated FTE: 8</li> <li>Number of IAEs per dedicated FTE: 12</li> <li>Assumes addition of 1 FTE to provide support to the Accreditation Panel from 2018 (currently filled by a consultant)</li> </ul>	<ul style="list-style-type: none"> <li>In Adaptation Fund, 1 FTE manages 21.5 AEs (although workload is divided functionally with 1 FTE handling legal aspects and 1 FTE handling fiduciary, ESS and gender aspects).</li> <li>Other benchmark organizations either do not accredit entities or have not accredited an entity in the last 2 years.</li> </ul>
Country operations	<ul style="list-style-type: none"> <li>Current number of countries per FTE: 16 (based on 140 countries being covered by 4 FTEs in Songdo and 5 FTE regional advisors)</li> <li>Desired number of countries per FTE: 10 (lower bound) and 6.7 (upper bound)</li> <li>Assume addition of 2 FTEs for cross-cutting roles from 2018 (Economist, Event coordination)</li> <li>Assumed linear scale-up for 2017-2020</li> </ul>	<ul style="list-style-type: none"> <li>GEF has 7 FTEs on country operations, divided regionally, implying 21 countries per FTE.</li> <li>At Gavi, each Country Manager (1 FTE) manages 2-3 countries</li> <li>At Global Fund, each Portfolio Manager (1 FTE) manages 1-5 country teams depending on country prioritization but they rely heavily on other internal staff (e.g., legal, M&amp;E, supply chain).</li> </ul>

<sup>62</sup> Based on interviews with GCF Secretariat and interviews with benchmark organizations (May – August 2017)

Function	Key assumptions used for staff capacity	Insights from benchmarking
		<ul style="list-style-type: none"> <li>Adaptation Fund, CIF, and Multilateral Fund do not have separate country operations units.</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Assume 1 FTE per 15-20 funding proposals</li> <li>Assume 1 FTE per 60-70 Readiness packages</li> <li>Assume 1 FTE per 60-70 PPF proposals</li> </ul>	<ul style="list-style-type: none"> <li>Difficult to determine as most benchmarks have finance teams that deal both with project review and administrative finance</li> </ul>
Legal support (project-related)	<ul style="list-style-type: none"> <li>Assume 1 lawyer can manage 6 AMAs, 7 funding proposals, 6 FAAs per year, and their time is equally divided between AMAs, funding proposals and FAAs. As such: <ul style="list-style-type: none"> <li>1 dedicated FTE per 18 AMAs</li> <li>1 dedicated FTE per 21 funding proposals</li> <li>1 dedicated FTE per 18 FAAs</li> </ul> </li> <li>Assume addition of 2 FTEs to manage Readiness packages from 2018-2020</li> </ul>	<ul style="list-style-type: none"> <li>There are 16-56 active projects per legal counsel FTE across the benchmark organizations: <ul style="list-style-type: none"> <li>ADB: 22 active investments per legal FTE</li> <li>IFAD: 18 active projects per legal FTE</li> <li>Global Fund: 16 active projects per legal FTE</li> <li>Gavi: 33 active projects per legal FTE</li> <li>CDC Group: 56 investments per legal FTE</li> </ul> </li> <li>Legal teams are 2-4% of total staff capacity across most benchmarks, though CDC has a larger legal team: <ul style="list-style-type: none"> <li>ADB: 2% (76/3092)</li> <li>IFAD: 3% (18/600)</li> <li>Global Fund: 3% (25/725)</li> <li>Gavi: 4% (12/295)</li> <li>CDC Group: 8% (18/229)</li> </ul> </li> </ul>
Risk and compliance	<ul style="list-style-type: none"> <li>Projected number of funding proposals per risk FTE: 23 (based on ADB and Global Fund benchmarks of active projects per risk FTE)</li> <li>Assumes total of 4 FTEs required for institutional risk functions by 2020, with linear scale-up from current situation (e.g., risk framework and policies)</li> <li>Assumes total of 3 FTEs (low case) or 5 FTEs (high case) required for institutional compliance functions by 2020 (e.g., financial crime specialist, Know-Your-Customer (KYC) specialist, etc.). Capacity is scaled up linearly from current situation</li> </ul>	<ul style="list-style-type: none"> <li>At ADB and Global Fund, there are 23 active projects per risk FTE</li> <li>CDC Group's Business Integrity and Compliance team has 113 active investments per FTE.</li> <li>Risk teams are 2-4% of total staff capacity across benchmarks, where they exist: <ul style="list-style-type: none"> <li>ADB: 2% (71/3092)</li> <li>Global Fund: 2% (18/725)</li> <li>CIF: 4% (1/24)</li> <li>CDC Group: 4% (9/229)</li> <li>Gavi allocates one staff "risk owner" for every "top risk"</li> </ul> </li> </ul>
Project monitoring	<ul style="list-style-type: none"> <li>Capacity projections have been based on internal PMU projections of required skillsets across project-related and institutional functions, given difficulties in predicting future workload (due to lack of historical data and lack of predictability going forward), as well as the difficulties in assigning this workload to FTEs. Suggested positions include Portfolio Management Specialists, M&amp;E Specialists, and staff responsible for dashboard management, support to Climate Impact Methodology Panel.</li> </ul>	<ul style="list-style-type: none"> <li>All benchmarks rely on third parties for assistance with evaluation, and therefore Secretariat staff typically operate in a coordination or supervisory role, so it is difficult to compare.</li> <li>The number of projects per FTE focused on monitoring and evaluation ranges from 40 to 130 across benchmarks: <ul style="list-style-type: none"> <li>Adaptation Fund has 42 active projects per FTE</li> <li>CIF has 66 active projects per FTE, although evaluations are conducted by partner MDBs</li> </ul> </li> </ul>

Function	Key assumptions used for staff capacity	Insights from benchmarking
		<ul style="list-style-type: none"> <li>○ Multilateral Fund has ~130 active projects per FTE, although project evaluations are conducted by implementing agencies and Secretariat compiles this data into portfolio-level evaluations for each implementing agency</li> </ul>
Private sector proposal review	<ul style="list-style-type: none"> <li>• Capacity projections have been based on internal PSF projections of required skillsets and benchmarking against development finance institutions such as CDC Group. Suggested positions include Lead Project Finance Manager, Lead Private Equity Specialist, Banking Advisor, and Insurance Advisor.</li> </ul>	<ul style="list-style-type: none"> <li>• Although many benchmark organizations engage with the private sector, they tend to keep management of both public and private sector projects within a single division <ul style="list-style-type: none"> <li>○ Global Fund has a single Grant Management division which handles all projects, regardless of whether the recipient is public or private sector</li> </ul> </li> </ul>
Public sector proposal review	<ul style="list-style-type: none"> <li>• Based on the number of working days required per activity and assuming that 1 FTE dedicates their entire time to this activity, we assume: <ul style="list-style-type: none"> <li>○ 1 dedicated FTE per 31 concept notes</li> <li>○ 1 dedicated FTE per 4-5 funding proposals</li> <li>○ 1 dedicated FTE per 25 Readiness/NAPs packages</li> <li>○ 1 dedicated FTE per 31 PPF packages</li> </ul> </li> <li>• Assumes addition of 3-4 FTEs for managing post-approval workload based on sum of time required for finalization of FAA, monitoring and confirmation of conditions, and facilitation of first disbursement.</li> <li>• Assumes addition of 1.6 FTEs for managing Board papers, policy documents and KM (based on (i) 15 Board papers per year, each taking 12 working days; (ii) 10 policy documents a year, each taking 17 working days; and (iii) 5 working days for KM per year)</li> <li>• Assume addition of 2.6 FTEs for AE/NDA engagement based upon (i) 50 working days for structured dialogue, (ii) 60 working days at each of three board meetings, and (iii) 380 working days for strategic performance engagement (based on 18 working days per country mission and a target of 20 countries per year)</li> <li>• Note that the 5% adjustment for board papers applied to other project cycle-related functions is not applied to DMA as this was included directly as a factor in the projection</li> </ul>	<ul style="list-style-type: none"> <li>○ GEF has a single Programs Unit for reviewing projects from both public and private sector actors</li> <li>○ CIF has recently hired a Private Sector Specialist due to increased need for private sector expertise</li> <li>• Number of approved projects managed by each FTE ranges from 2-6 across benchmarks: <ul style="list-style-type: none"> <li>○ Adaptation Fund: 1 FTE per 2-3 approved projects per year</li> <li>○ GEF: 1 FTE per 4-5 approved projects per year</li> <li>○ Multilateral Fund: 1 FTE per 4-5 approved projects per year</li> <li>○ CIF: 1 FTE per 5-6 approved projects per year</li> </ul> </li> </ul>
Team assistants	<ul style="list-style-type: none"> <li>• Assumes that 1 TA is required for every ~9 staff members (based on anticipated ratio of TAs to non-TA staff members by end-2017)</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

**Key assumptions underlying projected capacity for non-project cycle-related functions<sup>63</sup>**

Function	Key assumptions used for staff capacity	Insights from benchmarking
IDP & Guidelines for Participation	<ul style="list-style-type: none"> <li>Assumes addition of 1 FTE based on the request of observer organizations for a dedicated focal point in the Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Climate policy	<ul style="list-style-type: none"> <li>Assumed to grow to 6 FTEs (pre-efficiency gains), driven by increasing complexity of climate policy</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Board-related activities	<ul style="list-style-type: none"> <li>Assumes addition of 6 FTEs in high scenario based on required skillsets, comprising 2 FTEs for enhanced Board and Co-Chair support to ensure continuity and the retention of institutional memory, 2 FTEs to manage the documentation, and 2 FTE to support increasing number of projects per Board meeting and/or increasing number of Board meetings</li> <li>Low scenario based on Global Fund benchmark plus addition of 2 FTEs for enhanced Board and Co-Chair support</li> </ul>	<ul style="list-style-type: none"> <li>Global Fund's Office of Board Affairs is ~1% of total staff (10/725)</li> </ul>
Internal audit	<ul style="list-style-type: none"> <li>Assumes addition of 2 FTEs (pre-efficiency gains) based on need for junior auditors</li> </ul>	<ul style="list-style-type: none"> <li>Audit staff are 1-6% of total staff for organizations with internal audit functions: <ul style="list-style-type: none"> <li>ADB: 1% (32/3092)</li> <li>Gavi: 4% (13/295)</li> <li>Global Fund: 6% (45/725)</li> </ul> </li> </ul>
Legal support (institutional)	<ul style="list-style-type: none"> <li>Assumes addition of 3 FTEs in 2018, based on internal OGC projections of required skillsets (e.g., additional Legal Counsels), and stable capacity thereafter</li> </ul>	
Resource mobilization	<ul style="list-style-type: none"> <li>Assumes addition of 3 FTEs based on internal Resource Mobilization projections on required skillsets for upcoming replenishment process</li> </ul>	<ul style="list-style-type: none"> <li>Gavi's Resource Mobilization team is ~4% of total staff (12/295)</li> <li>Global Fund's Resource Mobilization team is ~5% of total staff (35/725)</li> </ul>
Human resources	<ul style="list-style-type: none"> <li>Assumes addition of 4 FTEs (pre-efficiency gains) based on internal HR projections of required skillsets (e.g., Talent &amp; Management, Compensation &amp; Benefits)</li> </ul>	<ul style="list-style-type: none"> <li>HR staff are 2-5% of total staff at benchmark organizations: <ul style="list-style-type: none"> <li>Gavi: 2% (7/295)</li> <li>CDC Group: 4% (8/229)</li> <li>ADB 4% (129/3092)</li> <li>Global Fund: 5% (35/725)</li> </ul> </li> </ul>
Admin	<ul style="list-style-type: none"> <li>Assumes addition of 8-10 FTEs (pre-efficiency gains) based on internal DSS-Admin projections on required skillsets in Finance and Facilities Management</li> </ul>	<ul style="list-style-type: none"> <li>Difficult to determine as most benchmarks have single teams that deal both with project review and administrative finance</li> <li>Finance-related functions are 2-9% of total staff capacity across benchmarks: <ul style="list-style-type: none"> <li>Global Fund: 2% (15/725)</li> <li>Gavi: 8% (23/295)</li> <li>ADB: 8% (256/3092)</li> <li>IFAD: 9% (36/600)</li> </ul> </li> </ul>

<sup>63</sup> Based on interviews with GCF Secretariat and interviews with benchmark organizations (May – August 2017)

Function	Key assumptions used for staff capacity	Insights from benchmarking
ICT	<ul style="list-style-type: none"> <li>Assumes proportion of 5% of ICT staff to total staff headcount is reasonable in the short-term. This is based on modified Gartner industry benchmark, given the current headcount ratio of ~3% and interviews with ICT team<sup>64</sup></li> </ul>	<ul style="list-style-type: none"> <li>ADB's ICT team is ~4% of total staff (111/3092)</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>Assumes addition of 4 FTEs (pre-efficiency gains) based on internal Procurement projections and conversion of consultants into full-time roles</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Executive direction	<ul style="list-style-type: none"> <li>Assumes addition of 2 FTEs based on anticipated recruitment of Deputy Executive Director and a junior professional support staff to support the DED</li> </ul>	<ul style="list-style-type: none"> <li>Gavi has a Deputy CEO</li> <li>Multilateral Fund has a Deputy Chief Officer</li> </ul>
Communications	<ul style="list-style-type: none"> <li>Assumes growth to a total of 23 FTEs (pre-efficiency gains) based on internal Comms &amp; Outreach projections of required skillsets (e.g., graphic designer, website manager, editorial officer, copywriter, events manager)</li> </ul>	<ul style="list-style-type: none"> <li>Communications staff 2-5% of total staff at benchmarks: <ul style="list-style-type: none"> <li>ADB: 2% (53/3092)</li> <li>Global Fund: 4% (30/725)</li> <li>CDC Group: 4% (8/229)</li> <li>Gavi: 5% (15/295)</li> </ul> </li> </ul>
Strategy and policy	<ul style="list-style-type: none"> <li>N/A, as these functions are currently missing</li> </ul>	<ul style="list-style-type: none"> <li>Global Fund's Strategy and Policy Hub comprise ~1% of total staff (9/725)</li> </ul>
Knowledge management	<ul style="list-style-type: none"> <li>N/A, as these functions are currently missing</li> </ul>	<ul style="list-style-type: none"> <li>GEF and Adaptation Fund have 1 dedicated staff member and CIF have 2 dedicated staff members in knowledge management</li> </ul>
Team assistants	<ul style="list-style-type: none"> <li>Assumes that 1 TA is required for every ~9 staff members (based on anticipated ratio of TAs to non-TA staff members by end-2017)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

<sup>64</sup> The Gartner industry benchmark for international organizations with a budget of less than USD 250 million/year budget is that ICT staff should comprise ~9.8% of total staff.

## 5. Apply expected efficiency gains from introduction of new IT systems

Dalberg considered the likely reduction in required FTEs for each function as a result of each new IT system proposed within the three year time horizon, and applied these to the baseline capacity projections.

### Assumptions underlying the impact of IT systems on capacity projections<sup>65</sup>

System change	Affected functions	Qualitative description of capacity change	Assumptions for impact capacity projection in 2020
Document & Records management system (DMS/RMS) (ongoing)	<ul style="list-style-type: none"> <li>Cross-cutting across all staff</li> </ul>	<ul style="list-style-type: none"> <li>Creating a central system for storing and handling documents with functions such as automatic numbering, searchability, and the ability to compare versions will facilitate team collaboration and increase efficiencies across all departments.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 17-22 FTEs across all staff, based on industry average productivity gain of ~5%</li> </ul>
HR management system (exp. 11/17)	<ul style="list-style-type: none"> <li>Human resources</li> <li>Cross-cutting across all staff</li> </ul>	<ul style="list-style-type: none"> <li>All functions are currently done on paper or Excel. The new Enterprise Resource Planning (ERP) system will collate these processes electronically.</li> <li>Includes a self-service tool so staff can update their own HR records.</li> <li>e-learning component (exp. from 2018) will benefit all staff and could be used to run capacity-building workshops or structured dialogues.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 1 FTE in HR, based on productivity gain of ~10%</li> <li>Estimated savings of 3-5 FTEs across rest of all staff, based on productivity gain of ~1%</li> </ul>
eSourcing system for procurement (exp. 11/17)	<ul style="list-style-type: none"> <li>Procurement</li> <li>Cross-cutting across all staff</li> </ul>	<ul style="list-style-type: none"> <li>Procurement of goods and services is currently tracked in Excel, but this system will automate this process</li> <li>System will introduce a more standardized process which will make it easier for divisions to request procurement services</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 2 FTEs in Procurement, based on productivity gain of ~20%</li> <li>Estimated savings of 7-9 FTEs across rest of all staff, based on productivity gain of 2%</li> </ul>
Travel management system	<ul style="list-style-type: none"> <li>Procurement</li> </ul>	<ul style="list-style-type: none"> <li>Enabling creation of travel itineraries and making reservations of travel and accommodation for GCF staff</li> </ul>	
Infrastructure improvement system (ongoing)	<ul style="list-style-type: none"> <li>Cross-cutting across all staff</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of a unified communications suite which will integrate various communications tools (e.g., phone with email)</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 3-4 FTEs across all staff, based on productivity gain of 1%</li> </ul>
Payroll system (exp. 12/17)	<ul style="list-style-type: none"> <li>Admin</li> </ul>	<ul style="list-style-type: none"> <li>Once the full payroll system is implemented in early-2018, it will improve internal controls over payroll.</li> </ul>	<ul style="list-style-type: none"> <li>No impact on capacity expected</li> </ul>
iPMS Portfolio Management system (continuous)	<ul style="list-style-type: none"> <li>Public &amp; private proposal review</li> <li>Legal</li> </ul>	<ul style="list-style-type: none"> <li>While increasing transparency through establishing country and AE portals may lead to more staff time required for external communication, increased</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 4 FTEs across public and private proposal review functions, accreditation, and</li> </ul>

<sup>65</sup> Based on interviews with GCF Secretariat (May – August 2017)

System change	Affected functions	Qualitative description of capacity change	Assumptions for impact capacity projection in 2020
	<ul style="list-style-type: none"> <li>Accreditation</li> </ul>	visibility of project status and documents will bring efficiency	legal, based on productivity gain of 3%
Internal audit system (07/17)	<ul style="list-style-type: none"> <li>Internal audit</li> </ul>	<ul style="list-style-type: none"> <li>Improves efficiency of management reviews, especially if the reviewer is working offsite</li> <li>Makes the learning curve of new staff steeper</li> <li>Improves institutional memory of the OIA, making audits more efficient</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 1-4 FTEs in OIA, based on productivity gain of 20%</li> </ul>
Readiness management system (07/17)	<ul style="list-style-type: none"> <li>Readiness</li> </ul>	<ul style="list-style-type: none"> <li>Over next 6-12 months, there will be a transition to the Flux system, which will allow Readiness team to receive UNOPS' reports online</li> </ul>	<ul style="list-style-type: none"> <li>Estimated savings of 1 FTE in Readiness team</li> </ul>
Accounting system (exp. early '18)	<ul style="list-style-type: none"> <li>Admin</li> </ul>	<ul style="list-style-type: none"> <li>Impact on capacity will be limited as they already have a basic system for recording financial transactions</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Due diligence management system (exp. late '17)	<ul style="list-style-type: none"> <li>Risk and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>System will help compliance to efficiently screen AEs against databases on financial crime, litigation, etc. instead of having to conduct a manual internet search</li> <li>However, impact on capacity will be limited as it will likely generate workload on issues that were previously overlooked, thereby counteracting efficiency gains.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Contributions and disbursements management system (exp. 09/17)	<ul style="list-style-type: none"> <li>Resource mobilization</li> </ul>	<ul style="list-style-type: none"> <li>Tracking pledged contributions and expected dates of payments will (i) decrease the risk or margin of error, (ii) improve quality of analysis and reporting and (iii) enable more efficient information sharing within Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Total</b>			<ul style="list-style-type: none"> <li><b>34 (low case) - 48 (high case) FTEs in total<sup>66</sup></b></li> </ul>

<sup>66</sup> The total capacity saved does not exactly equal the sum of the capacity saved for each individual system change due to rounding effects.

## Capacity Projection Outcomes

### *Project cycle-related functions (2020, post efficiency gains)*

Function	Low scenario (FTEs, 2020)	Source of low scenario estimate	High scenario (FTEs, 2020)	Source of high scenario estimate
EDA	2	Capacity projection model	2	Capacity projection model
PPF	3	Capacity projection model, based on variation in input	5	Capacity projection model, based on variation in input
Readiness	5	Capacity projection model, based on variation in input	6	Capacity projection model, based on variation in input
ESS & Gender	5	Global Fund benchmark of ~2% of staff headcount	7	Capacity projection model
Accreditation	13	Capacity projection model	13	Capacity projection model
Country operations	15	Capacity projection model, based on variation in input	21	Capacity projection model, based on variation in input
Finance	16	Capacity projection model, based on variation in input	20	Capacity projection model, based on variation in input
Project monitoring	18	Interviews with Secretariat staff	23	Interviews with Secretariat staff
Legal support (project-related)	16	Capacity projection model	18	ADB benchmark of 22 active projects per lawyer
Risk and compliance	14	ADB benchmark of 23 active projects per risk staff member with adjustment to account for institutional risk and compliance	16	As in low scenario, but with assumed additional growth of the compliance function by 2 FTEs by 2020
Private sector proposal review	23	Interviews with Secretariat staff	23	Interviews with Secretariat staff
Public sector proposal review	47	Capacity projection model, based on variation in input	52	Capacity projection model, based on variation in input
Team assistants	21	Capacity projection model, based on variation in total staff headcount	25	Capacity projection model, based on variation in total staff headcount
<b>Total</b>	<b>198</b>		<b>231</b>	

**Non-project cycle-related functions (2020, post efficiency gains)**

Function	Low scenario (FTEs, 2020)	Source of low scenario estimate	High scenario (FTEs, 2020)	Source of high scenario estimate
IDP & Guidelines for Participation	2	Interviews with Secretariat staff	2	Interviews with Secretariat staff
Climate policy	5	Interviews with Secretariat staff	5	Interviews with Secretariat staff
Board-related activities	7	Global Fund benchmark of ~1% of staff headcount with adjustment made for enhanced Board support	10	Interviews with Secretariat staff
Internal audit	4	Interviews with Secretariat staff	13	Gavi benchmark of ~4% of staff headcount
Legal support (institutional)	5	Interviews with Secretariat staff	5	Interviews with Secretariat staff
Resource mobilization	5	Interviews with Secretariat staff	15	Gavi benchmark of ~4% of staff headcount
Human resources	8	Interviews with Secretariat staff	16	Global Fund benchmark of ~5% of staff headcount
Procurement	6	Interviews with Secretariat staff	6	Interviews with Secretariat staff
Admin	12	Interviews with Secretariat staff	14	Interviews with Secretariat staff
ICT	16	Modified Gartner industry benchmark of ~5% of staff headcount	20	Modified Gartner industry benchmark of ~5% of staff headcount
Executive direction	6	Interviews with Secretariat staff	6	Interviews with Secretariat staff
Communications	16	Global Fund benchmark of ~4% of staff headcount	21	Interviews with Secretariat staff
Strategy and policy	4	Global fund benchmark of ~1% of staff headcount	5	Global fund benchmark of ~1% of staff headcount
Knowledge management	1	Benchmark of total KM staff in Adaptation Fund and GEF	2	Benchmark of total KM staff in CIF
Team assistants	10	Capacity projection model, based on variation in total staff headcount	16	Capacity projection model, based on variation in total staff headcount
<b>Total</b>	<b>107</b>		<b>156</b>	

## ANNEX E: DETAILED FINDINGS FROM BENCHMARK ANALYSIS

As part of the assessment of GCF's capacity and structure, Dalberg analysed the current structure and capacity of eight benchmark organizations. The findings below helped drive Dalberg's recommendations on the optimal structure and capacity for GCF's Secretariat, based on how these organizations have overcome similar challenges the Fund faces today. Benchmark organizations were selected in collaboration with the Secretariat, and include: Adaptation Fund; Asian Development Bank; CDC Group; Climate Investment Funds; Gavi Alliance; Global Environment Facility; Global Fund to Fight AIDS, Tuberculosis and Malaria; and the Multilateral Fund for the Implementation of the Montreal Protocol.

### Adaptation Fund<sup>67</sup>

#### Overview of organization

**Mandate:** To finance concrete projects and programmes which help vulnerable and developing countries to adapt to climate change and build their resilience.

#### Business model

- Accreditation process is used to identify suitable implementing entities.
- Proposals are submitted to the Board through implementing entities. Proposals must be endorsed by the Designated Authority, who are government officials.
- Approvals focus on small, concrete adaptation projects managed by National Implementing Entities.

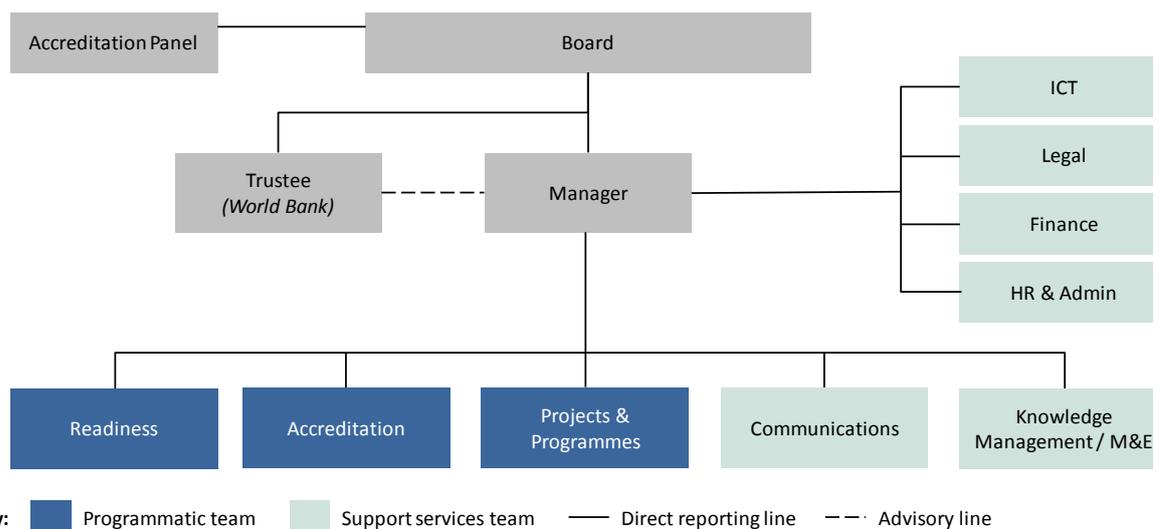
**Number of countries:** 67

**Annual contributions:** USD 53 million<sup>68</sup>

**Number of active projects:** 42

**Annual disbursements:** USD 45 million<sup>69</sup>

#### Organizational structure<sup>70</sup>



<sup>67</sup> Based on Adaptation Fund website and interview with member of Adaptation Fund Secretariat (July 2017).

<sup>68</sup> Annualized actual contributions based on USD 428 million contributed between 2009 and 2016, inclusive. See Adaptation Fund Trust Fund: Financial Report Prepared by the Trustee (as at 31 December 2016).

<sup>69</sup> Annualized approvals for projects and programs based on USD 358 million approved between 2009 and 2016, inclusive. See Adaptation Fund Trust Fund: Financial Report Prepared by the Trustee (as at 31 December 2016).

<sup>70</sup> Based on staff list on website (accessed 3 July 2017), and verified through interview with Adaptation Fund Secretariat (July 2017).

<b>Capacity by function<sup>71</sup></b>		
<b>Function</b>	<b>Capacity (#)</b>	<b>Capacity (% of total)</b>
Executive direction	1	8%
Administration	1	8%
Communications	3	23%
Finance	1	8%
Accreditation	2	15%
Readiness	1	8%
Proposal review	2	15%
Portfolio management (M&E)	1	8%
Knowledge management	1	8%
<b>Total<sup>72</sup></b>	<b>13</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- Adopted a process-based structure with staff assigned to specific processes within the project cycle (e.g., Readiness, accreditation, projects).
- Although they engage in country-driven work, they have not adopted a geographical structure and do not have dedicated country operations office.

### **Indicators of capacity**

#### **Accreditation**

- 21.5 entities per FTE (based on 2 FTEs managing 43 AEs)
- Composition of implementing entities: 58% are national and 42% are regional or multilateral
- Workload is divided functionally based on staff skillsets (legal, fiduciary, etc.)

#### **Readiness**

- 25 grants approved per year per FTE

#### **Proposal review**

- 2-3 projects approved per year per FTE

#### **Portfolio management**

- 42 active projects per FTE

### **Operating model**

#### **Outsourcing**

- Outsources supporting services (e.g., admin, HR, ICT, finance, legal) to World Bank
- Aims to reduce use of consultants by converting them to full-time staff (although consultants still occupy 1 KM/M&E roles and 2 Communications roles)

#### **Encouraging cross-divisional collaboration**

- Not applicable, as small team size encourages and necessitates collaboration

<sup>71</sup> Based on list of Secretariat staff on Adaptation Fund website (accessed 3 July 2017), and verified through interview with member of Adaptation Fund Secretariat (July 2017). Assumes the 2 FTEs in the KM/M&E function split their time equally across functions.

<sup>72</sup> Note that figures are rounded so may not equal sum of functions.

## Asian Development Bank (ADB)<sup>73</sup>

### Overview of organization

**Mandate:** To help its developing member countries reduce poverty and improve living conditions and quality of life, by fostering inclusive growth, promoting environmentally sustainable growth, and encouraging regional cooperation and integration.

### Business model

- Raises funds by issuing bonds and via member contributions.
- Works with countries to define their Country Partnership Strategy (CPS), which align with the country’s development plan and poverty reduction goals and are used to design operations.
- Provides preparatory technical assistance to help countries to identify and prepare feasible projects.
- Countries submit requests for ADB loans or grants.
- Board decides whether to approve projects (this happens after negotiations but before signing off on transactions). Post-approval conditions may be applied, but are limited to legal requirements and usually must be met within 90 days.

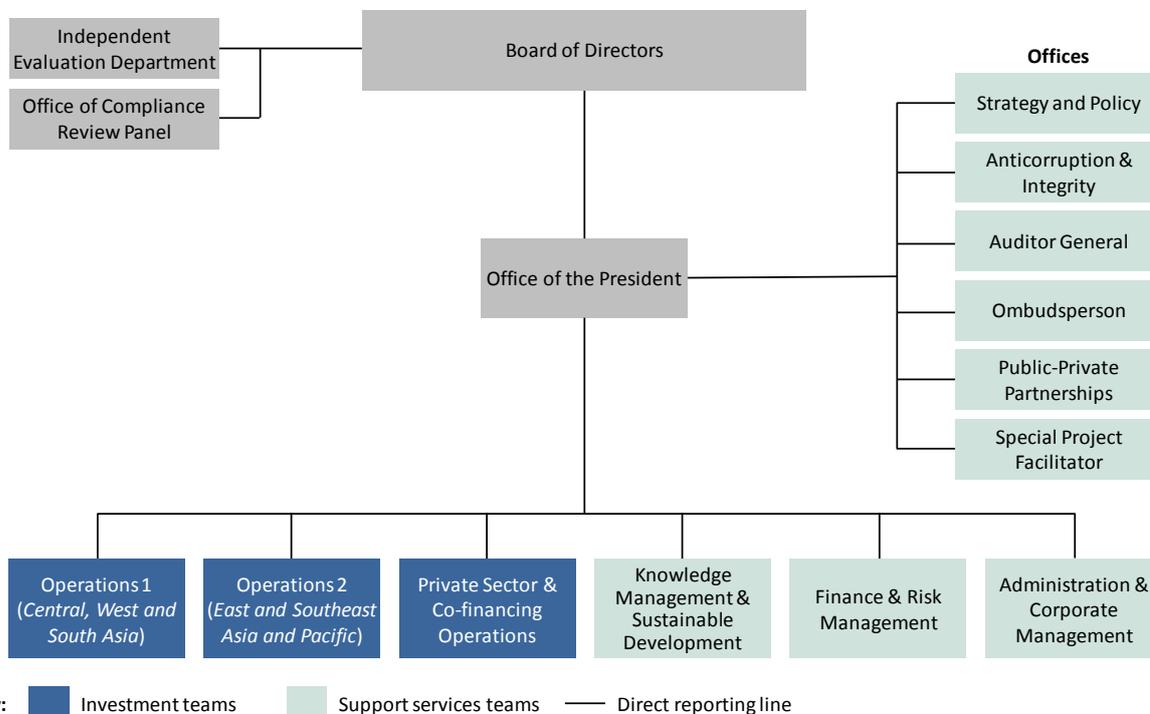
**Number of countries:** 39<sup>74</sup>

**Authorized capital stock:** USD 143,022 million<sup>75</sup>

**Number of active investments:** 1,650

**Annual investments:** USD 12,262 million<sup>76</sup>

### Organizational structure



<sup>73</sup> Based on Asian Development Bank website and Annual Reports.

<sup>74</sup> Based on countries with operations from ADB website: <https://www.adb.org/countries/main> (Accessed 14 August 2017). Total number of member countries is 67, of which 48 are from within Asia and the Pacific and 19 are outside.

<sup>75</sup> ADB Annual Report 2016.

<sup>76</sup> ADB issued USD 12,262 million in loan and grant disbursements in 2016. See ADB Annual Report 2016.

<b>Capacity by function<sup>77</sup></b>		
<b>Function</b>	<b>Estimated capacity (#)</b>	<b>Estimated capacity (% of total)</b>
Executive direction	37	1%
Board-related activities	35	1%
Administration	256	8%
Communications	53	2%
Audit	32	1%
Human resources	129	4%
ICT	111	4%
Finance	269	9%
Legal support	76	2%
Risk management	71	2%
Country operations	1,413	46%
Private sector and co-financing	200	6%
Knowledge management	234	8%
Portfolio management (M&E)	56	2%
Strategy and policy	52	2%
Other functions (not captured in GCF)	68	2%
<b>Total<sup>78</sup></b>	<b>3,092</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- ADB has a geographic-based structure with regional departments within the HQ as well as country offices/missions in more than 25 countries.
- Country operations departments comprise both project development and project management functions, although private sector operations sit within a separate department.

### **Indicators of capacity**

#### **Legal support**

- 22 active investments per FTE

#### **Risk management**

- 23 active investments per FTE

#### **Administrative staff**

- 1 administrative staff to every 1.5 professional staff<sup>79</sup>

### **Operating model**

#### **Outsourcing**

- Typically outsources the feasibility studies for preparatory technical assistance to consultants.

<sup>77</sup> Budget of the Asian Development Bank for 2016

<sup>78</sup> Note that figures are rounded so may not equal sum of functions.

<sup>79</sup> Asian Development Bank budgeted for 1,261 administrative staff and 1,921 professional staff (national and international) in 2016. See Budget of the Asian Development Bank for 2016 (November 2015).

## CDC Group<sup>80</sup>

### Overview of organization

**Mandate:** To support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people’s lives in some of the world’s poorest places.

#### Business model

- CDC provides investment and support to businesses in Africa and South Asia.
- CDC assesses potential investments based on development impact (i.e., creation of jobs), business sector, and difficulty of geography where the investment is made.
- CDC invests either directly or through funds.
- CDC makes financial returns on these investments and recycles funds into new investments.

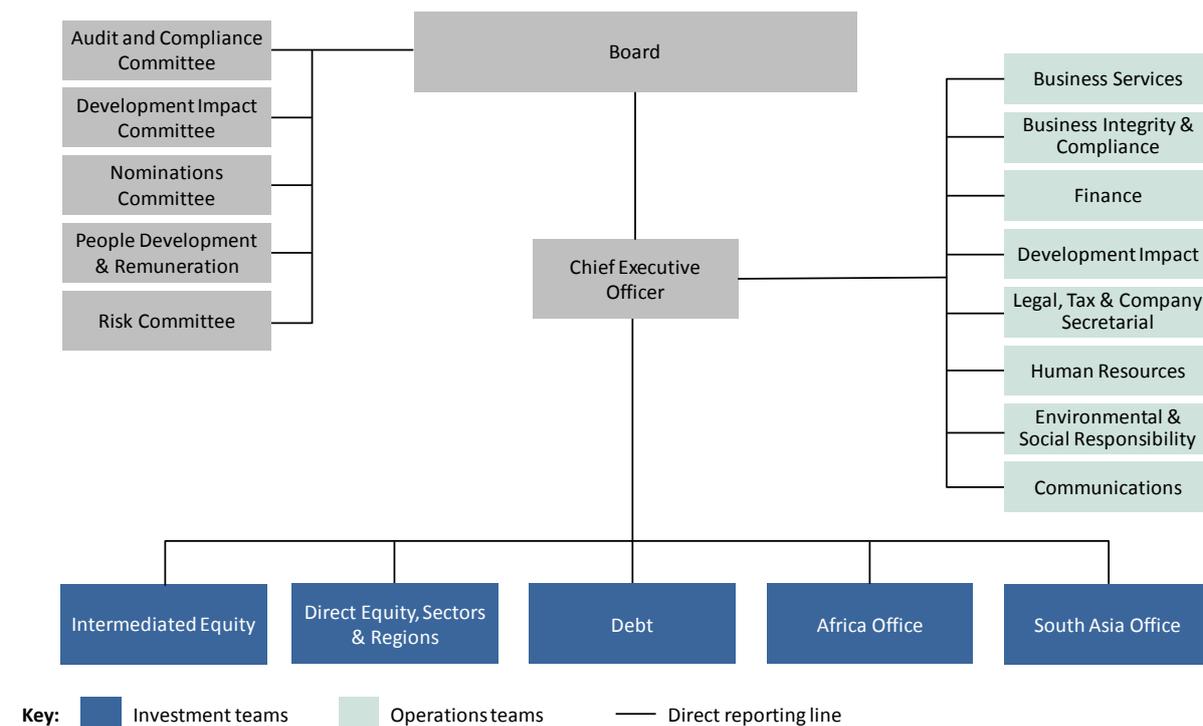
**Number of countries:** 74

**Total portfolio value:** USD 6,240 million

**Number of active investments:** 1,015

**Annual investments:** USD 1,500 million<sup>81</sup>

### Organizational structure



<sup>80</sup> Based on CDC Group website and interview with member of CDC Group (August 2017).

<sup>81</sup> CDC made new commitments of GBP 1,161 million in 2016, including GBP 872.6 million for direct investments and GBP 288.6 million for fund commitments. See Annual Accounts 2016.

<b>Capacity by function<sup>82</sup></b>		
<b>Function</b>	<b>Capacity (#)</b>	<b>Capacity (% of total)</b>
Executive direction	3	1%
Administration	10	4%
Communications	8	4%
Human resources	8	4%
ICT	2	1%
Finance	9	4%
Legal support	18	8%
Risk management	9	4%
Country operations	17	7%
Proposal review	121	53%
Portfolio monitoring	5	2%
ESS & Gender	16	7%
Strategy and policy	3	1%
<b>Total<sup>83</sup></b>	<b>229</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- Investment teams are organized by financial instrument type. Within these teams, there are additional sub-divisions for sector / recipient type.
- Cross-cutting functions (e.g., legal support, business integrity, and social safeguards) are located in separate operations teams.

#### **Indicators of capacity**

##### **Legal support**

- 56 investments per legal FTE

##### **Risk management**

- 113 investments per risk management FTE

##### **Portfolio development**

- ~4 investments per manager FTE in direct equity investments team
- ~2 investments per junior staff FTE in direct equity investments team

##### **Other**

- Operating expenses are ~2% of CDC Group's asset base

#### **Operating model**

##### **Encouraging cross-divisional collaboration**

- Cross-cutting function staff (e.g., business integrity and social safeguards) are embedded with the investment teams at an early stage.

<sup>82</sup> CDC website, "Our people" (Accessed 7 August 2017): <http://www.cdccgroup.com/Who-we-are/Our-People/Board-and-CEO/>

<sup>83</sup> Note that figures are rounded so may not equal sum of functions.

## Climate Investment Funds (CIF)<sup>84</sup>

### Overview of organization

**Mandate:** To provide financial resources to developing and middle-income countries to manage the challenges of climate change and reduce their greenhouse gas emissions, specifically in the areas of clean technology, forestry, climate resilience, energy access, and scalable renewable energy.

### Business model

- Countries develop a strategic plan aligned with national priorities, with technical support from MDBs and financial support from CIF.<sup>85</sup>
- Countries work with CIF’s partner MDBs to develop and submit funding applications to either the Strategic Climate Fund (SCF) or the Clean Technology Fund (CTF) depending on project focus.
- Following light due diligence by CIF’s Administrative Unit, the relevant Trust Fund Committee decides whether to approve projects.
- MDBs manage co-financing and project implementation, according to their own processes.

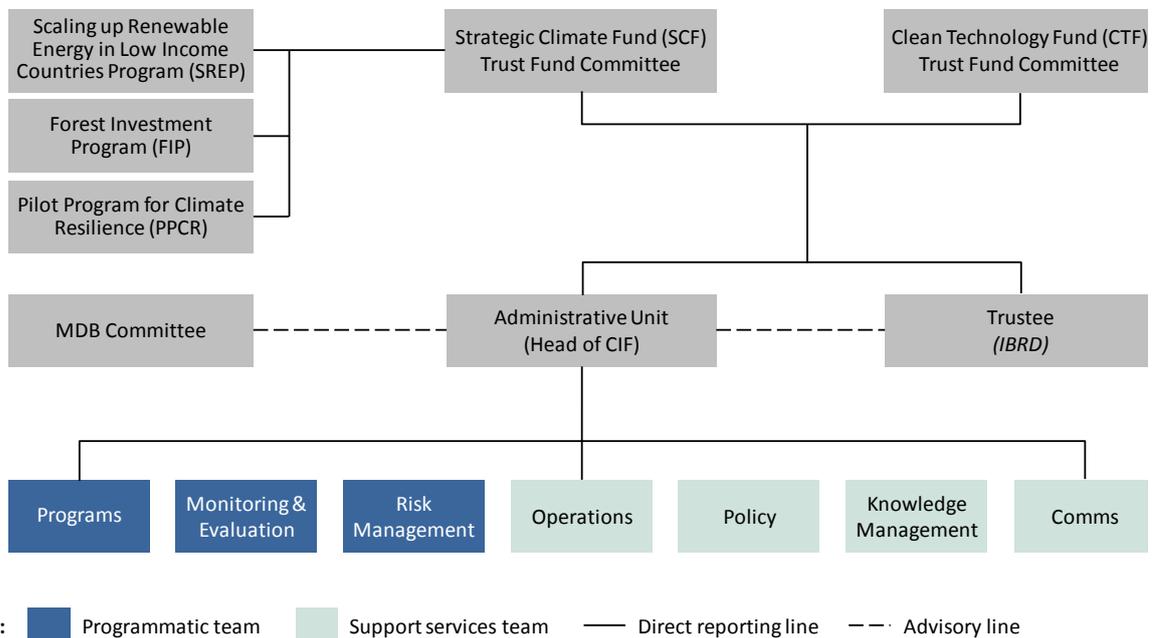
**Number of countries:** 72

**Annual contributions:** USD 903 million<sup>86</sup>

**Number of active projects:** 199<sup>87</sup>  
(~40 new projects approved per year)

**Annual disbursements:** USD 507 million<sup>88</sup>

### Organizational structure<sup>89</sup>



<sup>84</sup> Based on CIF website and interview with member of CIF Administrative Unit (June 2017).

<sup>85</sup> CIF’s partner MDBs are: African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and the World Bank Group.

<sup>86</sup> Annualized pledged contributions based on USD 8,127 million pledged to the two CIF Trust Funds since September 2008. See CIF website: <https://www.climateinvestmentfunds.org/about/finances> (Accessed 28 August 2017).

<sup>87</sup> Based on interview with member of CIF Administrative Unit (June 2017). Number of approved projects per year has been 35-46 between 2014 and 2017.

<sup>88</sup> CIF Trustee Report (June 2016).

<sup>89</sup> CIF website: <https://www.climateinvestmentfunds.org/about/governance>; Governance Frameworks for SCF and CTF

<b>Capacity by function (within Administrative Unit)<sup>90</sup></b>		
<b>Function</b>	<b>Capacity (#)</b>	<b>Capacity (% of total)</b>
Executive direction	1	4%
Administration	8	31%
Communications	1	4%
Risk management	1	4%
Proposal review	7	27%
Private sector	1	4%
ESS & Gender	1	4%
Knowledge management	2	8%
Portfolio management (M&E)	3	12%
Policy	1	4%
<b>Total<sup>91</sup></b>	<b>26</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- CIF's Administrative Unit focuses on process and portfolio management.
- CIF decided not to establish regional hubs as they benefit from the regional presences of MDBs
- CIF is increasing its responsibilities in risk management, gender, and the private sector; CIF recently created a private sector position due to increased need for specialist expertise.

### **Indicators of capacity**

#### **Proposal review**

- 5-6 projects approved per year per FTE<sup>92</sup>

#### **Portfolio management (M&E)**

- 66 active projects per FTE, although MDBs conduct evaluations and CIF staff are responsible for monitoring, verification, and providing support.

#### **Risk Management**

- 199 active projects per FTE

### **Operating model**

#### **Outsourcing**

- Outsources supporting services (e.g., HR, ICT, legal) to World Bank
- Relies partner MDBs to use existing systems for particular functions to avoid duplication (e.g., project origination, due diligence of implementing entities, project evaluations)

#### **Resource mobilization**

- CIF's Administrative Unit has recently been mandated to explore potential diversification of funding sources to non-sovereign actors

#### **Encouraging cross-divisional collaboration**

- Not applicable, as small team size encourages and necessitates collaboration.

<sup>90</sup> Based on list of staff in Administrative Unit on CIF website (accessed 26 June 2017), and updated through interview with member of CIF Secretariat (June 2017).

<sup>91</sup> Note that figures are rounded so may not equal sum of functions.

<sup>92</sup> Based on ~40 approved projects per year, managed by 7 FTEs in the Programs team plus 1 Private Sector Specialist FTE

## Gavi, the Vaccine Alliance (“Gavi”)<sup>93</sup>

### Overview of organization

**Mandate:** To save lives and improve health through increasing access to vaccination for children in developing nations.

#### Business model

- National governments submit applications for vaccine support or health system strengthening.
- Independent Review Committee assesses country applications, and provides recommendation to the Board on whether to approve requests. The Secretariat does not review country applications.
- Gavi pools demand for vaccines to demonstrate large markets and secure long-term financing.
- Programs are co-financed, with the share of Gavi support determined by a country’s income level.

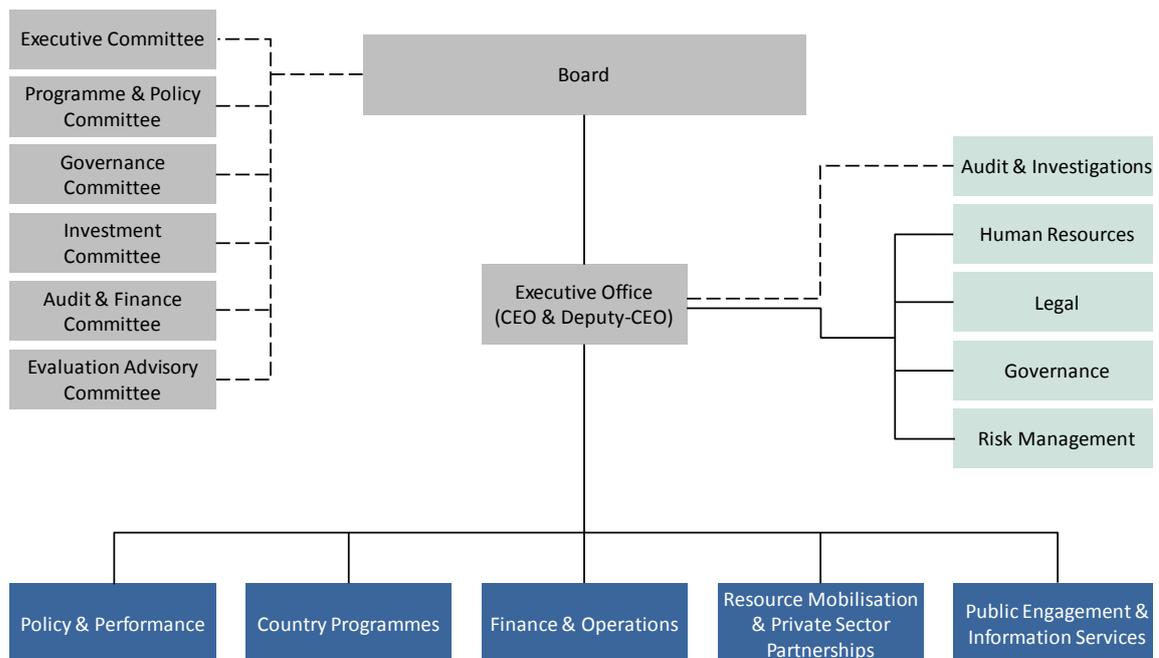
**Number of countries:** 54

**Annual contributions:** USD 1,840 million<sup>94</sup>

**Number of active projects:** 387

**Annual disbursements:** USD 1,330 million<sup>95</sup>

### Organizational structure<sup>96</sup>



**Key:** ■ Programmatic team ■ Support services team — Direct reporting line - - - Advisory line

<sup>93</sup> Based on Gavi website and interview with former member of Gavi Secretariat (July 2017).

<sup>94</sup> Annualized pledged contributions based on pledged contributions of USD 9.2 billion from 2016-2020, inclusive.

<sup>95</sup> Gavi website, Disbursements and commitments (Accessed 17 July 2017): <http://www.gavi.org/results/disbursements>

<sup>96</sup> Gavi website, Gavi Secretariat (Accessed 17 July 2017): <http://www.gavi.org/about/governance/secretariat>

<b>Capacity by function<sup>97</sup></b>		
<b>Function</b>	<b>Estimated capacity (#)<sup>98</sup></b>	<b>Estimated capacity (% of total)</b>
Executive direction	10	3%
Administration	23	8%
Communications	15	5%
Resource mobilization	12	4%
Audit	13	4%
Human resources	7	2%
Finance	23	8%
Legal support	12	4%
Country operations	98	33%
Private sector partnerships	12	4%
Knowledge management	15	5%
Portfolio management (M&E)	28	9%
Strategy and policy	28	9%
<b>Total<sup>99</sup></b>	<b>295</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- Within its Country Programmes team, Gavi has adopted a geographic-based structure, with regional teams further sub-divided into country teams. However, Gavi does not have offices in its focus regions and operates from two offices in Geneva (Switzerland) and Washington, D.C. (USA).
- Created a Deputy CEO position to provide additional support and executive oversight.

### **Indicators of capacity**

#### **Country Operations**

- 2-3 countries per Country Manager, although Gavi works directly with national governments and therefore has a strong country focus.

#### **Legal support**

- 33 active projects per FTE

#### **Risk Management**

- Risk management function is conducted by staff within Country Programmes and Policy & Performance divisions; Gavi allocates one staff “risk owner” for every “top risk”.

#### **Resource Mobilization**

- Capacity is driven by (i) Diversity of donor base diverse donor base (e.g., governments, foundations, corporations); and (ii) Use of innovative financing mechanisms (e.g., International Finance Facility for Immunisation and the Advance Market Commitment).

<sup>97</sup> Gavi Board Meeting, 2-3 December 2015, “15 - Engagement Framework and Budget for Partners and Secretariat for 2016-2017”.

<sup>98</sup> Assumes that staff in Policy & Performance divide team equally between M&E and Strategy and policy functions. Assumes that staff in Finance & Operations divide team equally between Finance and Administration functions. Assumes that staff in Resource Mobilization & Private Sector Partnerships divide team equally between these functions. Assumes that staff in Public Engagement & Information Services divide team equally between Communications and Knowledge management functions.

<sup>99</sup> Note that figures are rounded so may not equal sum of functions.

## **Operating model**

### **Encouraging cross-divisional collaboration**

- Senior Country Managers ensures that relevant teams provide input into the country programming process (e.g., technical experts, health system strengthening experts, etc.).

### **Multi-stage approval process**

- World Health Organization (WHO) conducts a pre-review of applications for cash support for health system strengthening. The WHO panel provides feedback to countries, before submission to the Independent Review Committee.

## Global Environment Facility (GEF)<sup>100</sup>

### Overview of organization

**Mandate:** To tackle the planet’s biggest environmental issues through strategic investments in projects related to biodiversity, climate change, international waters, land degradation, mercury, the ozone layer, and persistent organic pollutants.

### Business model

- GEF manages project development for GEF Trust Fund, Special Climate Change Fund (SCCF), Least Developed Countries Fund (LDCF), and Capacity-Building Initiative for Transparency (CBIT).
- Accreditation process is used to identify suitable implementing agencies.
- Accredited agencies submit funding proposals to GEF, while liaising with country focal points to ensure they align with national priorities.<sup>101</sup>
- Secretariat reviews projects submitted by GEF Agencies.
- The relevant Council reviews and approves work programs (depending on which fund the agency is applying to for funding).
- GEF provides funding to agencies, who manage these projects directly or through executing entities.

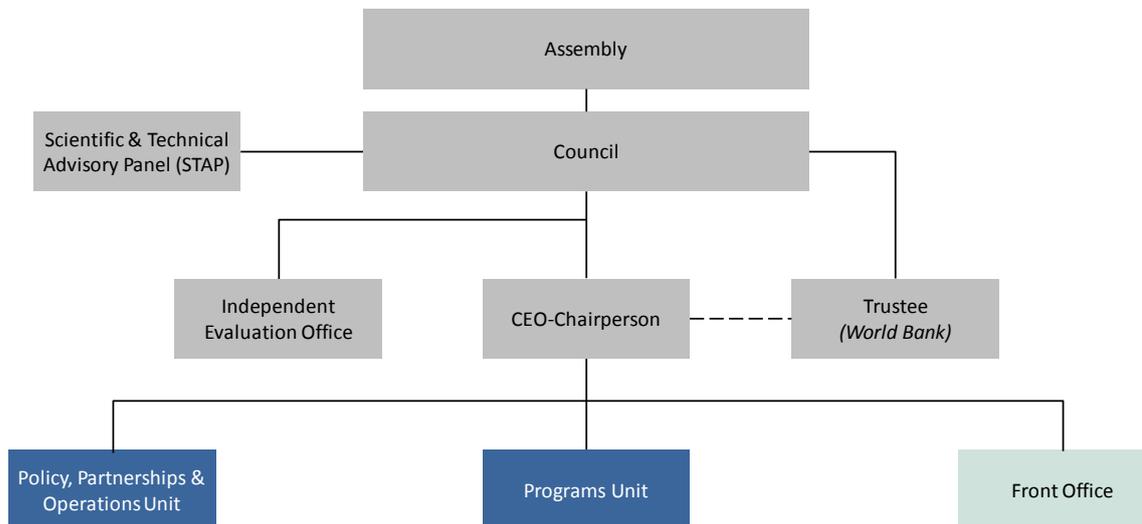
**Number of countries:** 144

**Annual contributions:** USD 1,029 million<sup>102</sup>

**Number of active projects:** 2,739  
(162 new projects approved in 2017)

**Annual disbursements:** USD 664 million<sup>103</sup>

### Organizational structure



**Key:** ■ Programmatic team ■ Support services team — Direct reporting line - - - Advisory line

<sup>100</sup> Based on GEF website and interview with member of GEF Secretariat (June 2017).

<sup>101</sup> Country focal points are members of national governments.

<sup>102</sup> Annualized pledged contributions based on GEF Trust Fund replenishment of USD 4.4 billion for 2014-2018, USD 352 million to SCCF since 2001, USD 1,221 million to LDCF since 2001, and USD 51 million to CBIT since 2016.

<sup>103</sup> Annualized approved disbursements based on approved disbursements of USD 14.5 billion from GEF Trust Fund since 1991, USD 350 million from SCCF since 2001, 960 million from LDCF since 2001, and USD 2 million from CBIT since 2016.

<b>Capacity by function</b>		
<b>Function</b>	<b>Capacity (absolute)</b>	<b>Capacity (% of total)</b>
Executive direction	5	6%
Administration	7	9%
Communications	6	8%
Resource mobilization	1	1%
Human resources	2	3%
ICT	3	4%
Finance	2	3%
Country operations	7	9%
Proposal review	38	48%
ESS & Gender	2	3%
Knowledge management	1	1%
Strategy and policy	3	4%
Other <sup>104</sup>	2	3%
<b>Total<sup>105</sup></b>	<b>79</b>	<b>100%</b>

## **Benchmarking insights**

### **Organizational structure**

- Current structure is loosely process-based, with one unit focused on developing country relationships and policies and one unit focused on project development and review.

### **Indicators of capacity**

#### **Proposal review**

- 4-5 approved projects per year per FTE

#### **Country Operations**

- 21 countries per FTE

#### **Accreditation**

- GEF has not accredited any new entities in the last two years, although this decision will be revisited at GEF 7, which may lead to increased capacity requirements.

#### **ESS & Gender**

- GEF has 1 FTE responsible for gender and social issues and 1 FTE responsible for environmental issues.

#### **Portfolio management (M&E)**

- Implementing agencies are responsible for conducting project-level evaluations, so GEF does not have portfolio management capacity within the Secretariat.
- However, GEF has an Independent Evaluation Office that reports directly to the GEF Council and is responsible for conducting portfolio-level and institutional evaluations. They have 19 FTE, which implies ~145 active projects per FTE.

#### **Knowledge Management**

- GEF recruited 1 FTE responsible for KM, following demand for this function

<sup>104</sup> These staff sit within the Policy, Partnerships, and Operations unit but do not align with listed functions.

<sup>105</sup> Note that figures are rounded so may not equal sum of functions.

## **Operating model**

### **Outsourcing**

- Outsources supporting services (e.g., admin, HR, finance, accounting, legal) to World Bank.

### **Encouraging cross-divisional collaboration**

- GEF creates cross-cutting teams that are responsible specifically for one-off or periodic projects, for example managing the replenishment process.

### **Resource Mobilization**

- GEF has a four-year replenishment cycle through which it receives funds from sovereign actors.

## The Global Fund to Fight AIDS, Tuberculosis, and Malaria (“The Global Fund”)<sup>106</sup>

### Overview of organization

**Mandate:** To support efforts to end HIV/AIDS, Tuberculosis, and Malaria as epidemics.

### Business model

- Country Coordinating Mechanisms (CCM) submit applications on behalf of their countries and nominate Principal Recipients to implement each project.<sup>107</sup> Responsibility for screening Principal Recipients for suitability and capabilities sits with the CCM; the Global Fund is not involved in any screening or accreditation process.
- Independent Technical Review Panel reviews applications and provides recommendations to the Board on whether to approve them.
- Principal Recipients implement projects either directly or indirectly through sub-recipients, and coordinate financial and programmatic functions.
- CCMs oversee implementation and Local Fund Agents, who are independent organizations in each country, assess implementation

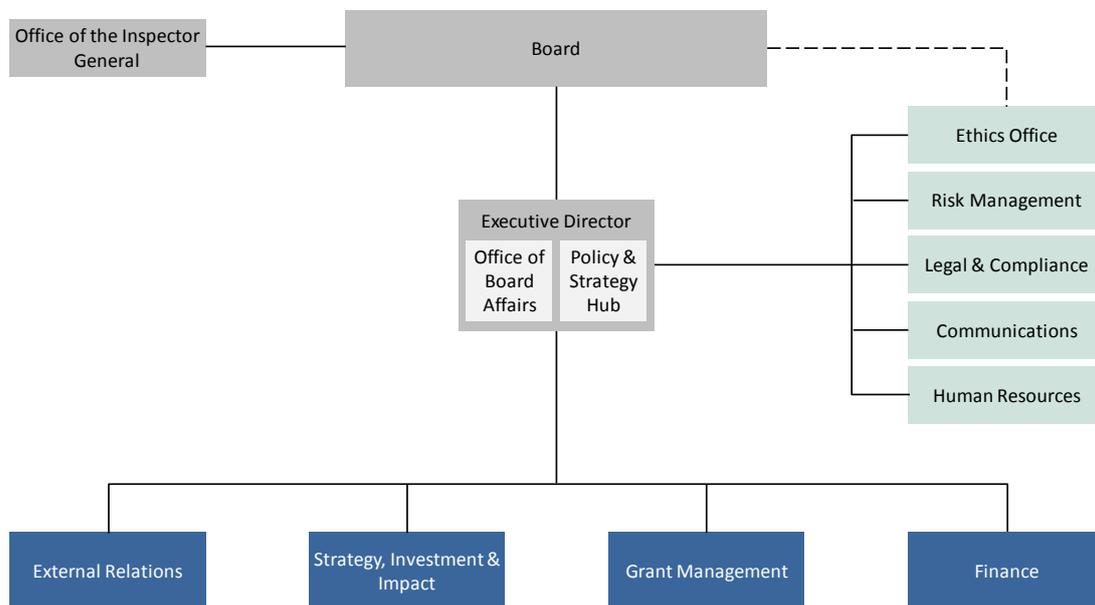
**Number of countries:** 128

**Annual contributions:** USD 4,300 million<sup>108</sup>

**Number of active projects:** 406

**Annual disbursements:** USD 4,000 million<sup>109</sup>

### Organizational structure



**Key:** ■ Divisions (*programmatic teams*) ■ Departments (*internal support services*) — Direct reporting line - - - Advisory line

<sup>106</sup> Based on Global Fund website and interviews with members of Global Fund Secretariat in Strategy, Investment & Impact and Grant Management divisions (July-August 2017)

<sup>107</sup> Country Coordinating Mechanisms are national committees in each country that submit funding applications to the Global Fund on behalf of the entire country. They include representatives from government, the private sector, technical partners, civil society and communities living with the diseases.

<sup>108</sup> Annualized “Pledged contributions” are based on total pledged contributions of USD 12.9 billion from 2017-2019, inclusive.

<sup>109</sup> Global Fund financials: <https://www.theglobalfund.org/en/financials>

<b>Capacity by function<sup>110</sup></b>		
<b>Function</b>	<b>Estimated capacity (#)</b>	<b>Estimated capacity (% of total)</b>
Executive direction	10	1%
Board-related activities	10	1%
Communications	30	4%
Resource mobilization	35	5%
Audit	45	6%
Human resources	35	5%
Finance	15	2%
Legal support	25	3%
Risk management	18	2%
Country operations	400	55%
ESS & Gender	12	2%
Strategy and policy	9	1%
Portfolio management	80	11%
<b>Total<sup>111</sup></b>	<b>725</b>	<b>100%</b>

### **Benchmarking insights**

#### **Organizational structure**

- Adopted a geographic-based structure in the Grant Management Division. The division is split into regional teams including: High-impact Africa I; High-impact Africa II; High-impact Asia; Central Africa; Eastern Europe and Central Asia; Latin America and Caribbean; Middle East and North Africa; Southern and Eastern Africa; South East Asia; and Western Africa. Within these regional teams are country-specific teams responsible for managing all grants within a particular country.
- Policy & Strategy Hub sits within the Office of the Executive Director so that it has broad oversight of the organization's activities and can report directly to the Executive Director.

#### **Indicators of capacity**

##### **Country operations**

- 1-5 countries per Portfolio Manager, depending on country prioritization (i.e., need and potential impact of reduced disease burden in each country)

##### **Legal support**

- 16 active projects per FTE

##### **Risk management**

- 23 active projects per FTE

#### **Operating model**

##### **Encouraging cross-divisional collaboration**

- Country teams draw on expertise from across the organization. Each country team is led by a Fund Portfolio Manager and includes staff with expertise on M&E, legal, finance, and procurement supply chains. Within these country teams, some staff have dual reporting lines to the Head of

<sup>110</sup> Based on interviews with members of Global Fund Secretariat (July-August 2017)

<sup>111</sup> Note that figures are rounded so may not equal sum of functions.

the relevant regional program, as well as the Head of their own division which sits elsewhere in the Global Fund's structure.

**Multi-stage approval process**

- Global Fund has not adopted a multi-stage approval process, as grant proposals are assessed only by the Independent Technical Review Panel. However, they provide clear guidance to CCMs on how to complete funding requests on their website.

**Portfolio management**

- Project monitoring and evaluation is conducted by independent organizations (Local Fund Agents). M&E officers within the Global Fund provide general guidance, for example on key performance indicators that should be tracked, and cross-check the outcomes for validation.

## Multilateral Fund for the Implementation of the Montreal Protocol (“Multilateral Fund”)<sup>112</sup>

### Overview of organization

**Mandate:** To help countries phase out the use of ozone-depleting substances to comply with the Montreal Protocol.

### Business model

- Eligible countries develop project proposals in collaboration with implementing agencies.
- Implementing agencies submit programmatic proposals to the Multilateral Fund.<sup>113</sup>
- Secretariat reviews proposals and makes recommendation to Executive Committee.
- Executive Committee decides whether to approve programs.

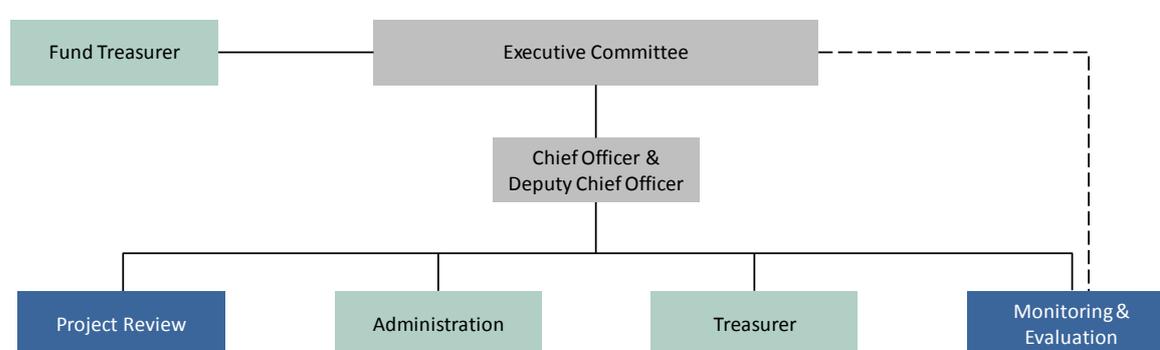
**Number of countries:** 147

**Annual contributions:** USD 138 million<sup>114</sup>

**Number of active projects:** 400  
(30-35 projects approved per year)

**Annual disbursements:** USD 133 million<sup>115</sup>

### Organizational structure



**Key:** ■ Programmatic team ■ Support services team — Direct reporting line - - - Advisory line

### Capacity by function

Function	Capacity (#)	Capacity (% of total)
Executive direction	2	7%
Administration	1	3%
Resource mobilization	1	3%
Human resources	1	3%
ICT	1	3%
Finance	1	3%
Proposal review	7	23%
Portfolio monitoring (M&E)	3	10%
Knowledge management	1	3%
Team assistants <sup>116</sup>	12	40%
<b>Total<sup>117</sup></b>	<b>30</b>	<b>100%</b>

<sup>112</sup> Based on Multilateral Fund website and interviews with current and former members of Multilateral Fund Secretariat (June-July 2017)

<sup>113</sup> The Multilateral Fund currently has four implementing agencies: UNEP, UNDP, UNIDO, and the World Bank.

<sup>114</sup> Annualized contributions based on USD 3.6 billion since becoming operational in 1991.

<sup>115</sup> Annualized approved disbursements based on USD 3.46 billion allocated since becoming operational in 1991.

<sup>116</sup> This function comprises the Multilateral Fund's general service staff members who provide support across the functions.

<sup>117</sup> Note that figures are rounded so may not equal sum of functions.

## **Benchmarking insights**

### **Organizational structure**

- Created a Deputy Chief Officer position to provide additional support and executive oversight.
- Portfolio review team is divided into consumption and production sectors.
- Multilateral Fund does not have regional offices as they benefit from the regional presences of the implementing agencies and the National Ozone Officers.

### **Indicators of capacity**

#### **Proposal review**

- 4-5 projects approved per year per FTE
- Proposal review teams develop ~120 Board documents each year covering projects and policy papers (~60 documents per Executive Committee meeting, with two meetings per year)

#### **Portfolio management (M&E)**

- ~130 active projects per FTE, although independent consultants are used to prepare evaluations and performance reports. M&E staff within the Secretariat are responsible for verification and for compiling portfolio-level reports for each implementing agency.

### **Operating model**

#### **Approving projects**

- Adopts a programmatic approach to approving projects, whereby the Executive Committee reviews and approves programs of similar individual projects rather than reviewing each project separately.

#### **Outsourcing**

- Outsources supporting services (e.g., admin, HR, ICT, finance, legal) to UNEP-Nairobi.
- Outsources some process-based activities, for example translation of documents, to consultants.

#### **Resource Mobilization**

- Multilateral Fund has a three-year replenishment cycle through which it receives funds from sovereign actors.

#### **Encouraging cross-divisional collaboration**

- Not applicable, as small team size encourages and necessitates collaboration.

## ANNEX F: DETAILED IMPLEMENTATION PLAN

### Initiative 1: Create position of the Deputy Executive Director

#### Summary of initiative

Create a full-time, standalone Deputy Executive Director (DED) position and hire a junior professional support staff to provide strategic advice and support to the Executive Director (ED) and the new DED.

#### Activities

- Draft Terms of Reference for Deputy Executive Director position (*completed*)
- Share job description for DED both internally and externally (*completed*)
- Shortlist candidates and conduct interviews for DED
- Sign employment contract for selected DED
- Draft Terms of Reference for a staff member (junior professional) who could provide support to ED and DED
- Share job description for this position internally and externally, including through executive recruitment agency
- Shortlist candidates and conduct interviews
- Sign employment contract for selected junior professional staff member
- Finalize additional HR requirements (e.g., visas)
- Agree upon the division of responsibilities between the ED and DED and ensure that this is clearly reflected in the operations of the fund (e.g., in Terms of Reference of staff members who will be reporting to the DED, in the operating manual)

#### Deliverables and milestones

- Conduct first-round interviews with suitable candidates for DED and junior professional support positions
- Sign employment contract with DED

#### Responsible parties

*Project owner:* DSS-HR

*Other functions involved:* OED

*External parties:* GCF is currently in the process of working with one executive recruitment agency to recruit the DED.

#### Timeline

The recruitment process for the DED position has already started, following the approval of the DED position at B.17. In August 2017, the Terms of Reference was drafted and the job description for the DED position was distributed to both internal and external stakeholders.

This initiative is likely to take approximately 1-3 months to implement.

#### Expected benefits

- Alleviates the current pressures on the Executive Director

- Provides additional capacity for coordinating and overseeing the activities of the Secretariat

<b>Expected costs (USD)<sup>118</sup></b>				
<b>Cost item</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Staff (1 x DED at IS9)	250,000	250,000	250,000	750,000
Staff (1 x Junior Professional staff at IS3) <sup>119</sup>	97,700	97,700	97,700	293,100
Contracted services (executive recruitment agency)	45,000	-	-	45,000
<b>Total</b>	<b>392,700</b>	<b>347,700</b>	<b>347,700</b>	<b>1,088,100</b>

#### **Risks and mitigation strategies**

- **Risk:** A lack of suitable candidates for either position may result in delays to filling the positions.  
**Mitigation strategy:** Distribute the job vacancy widely by using professional networks of GCF staff and leveraging GCF's communication channels, and consider hiring an executive recruitment agency if no suitable candidates are found within the initial search phase.

<sup>118</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

<sup>119</sup> IS level assumptions have been based on interviews with the Secretariat, but may need to be adjusted following internal discussions.

## Initiative 2: Establish External Affairs Division

### Summary of initiative

Establish an External Affairs division which could be responsible for all external communications, liaising with the media, events management, establishing strategic partnerships with entities that are not involved in the project cycle (e.g., AEs), as well as managing relationships with contributors.

### Activities

- Clearly define the mandate of the new External Affairs division and its responsibilities
- Complete appropriate administrative procedures (e.g., allocating budget, delegating authority)
- Draft Terms of Reference for new Director of External Affairs
- Share job description for Director position both internally and externally
- Shortlist candidates for Director position, conduct interviews and sign employment contract with the hired candidate
- Hire additional staff and/or convert existing consultants to fill newly created full-time roles (e.g., digital communications officer, graphic designer, website manager, outreach officer, editorial officer, copywriter, events manager, etc.)
- Finalize additional HR requirements for all new staff (e.g., visas)
- Move Resource Mobilization team from DSS to the External Affairs Division
- Ensure that this move is clearly reflected in the operations of the fund (e.g., in Terms of Reference of staff members who will be reporting to the Director of External Affairs)

### Deliverables and milestones

- Conduct first-round interviews with suitable candidates for Director position
- Sign employment contract with Director of External Affairs
- Switch the reporting lines for Resource Mobilization team from the Director of DSS to the Director of External Affairs

### Responsible parties

*Project owner:* DSS-HR

*Other functions involved:* Communications & Outreach, Resource Mobilization, OED

*External parties:* GCF could contract an executive recruitment agency to facilitate the identification of suitable external candidates.

### Timeline

Dalberg suggests beginning implementation of this initiative as soon as possible, given that the creation of an External Affairs division was previously approved by the Board in B.5.

This initiative is likely to take approximately 6-8 months to implement.

### Expected benefits

- Enhances GCF's international profile, for example by improving GCF's ability to place senior staff in relevant international events (e.g., World Economic Forum)
- Provides opportunity for GCF's communications to be more strategic and targeted

- Ensures GCF’s messaging to external stakeholders is consistent

Expected costs (USD) <sup>120</sup>				
Cost item	2018	2019	2020	Total
Staff (1 x Director at IS8 level) <sup>121</sup>	205,000	205,000	205,000	615,000
Staff (IS3 staff) <sup>122</sup>	586,200	879,300	1,221,250	2,686,750
<b>Total</b>	<b>791,200</b>	<b>1,084,300</b>	<b>1,426,250</b>	<b>3,301,750</b>

### Risks and mitigation strategies

- **Risk:** A lack of suitable candidates for Director position may result in delays to filling the position.
- **Mitigation strategy:** Distribute the job vacancy widely by using professional networks of GCF staff and leveraging GCF’s communication channels and consider hiring an executive recruitment agency if no suitable candidates are found within the initial search phase.
- **Risk:** There is potential for miscommunication and/or confusion as the reporting lines for the Resource Mobilization teams switch from the Director of DSS to the Director of External Affairs.  
**Mitigation strategy:** Ensure that the change is clearly communicated to all affected staff members. Organize a meeting between the Resource Mobilization team, the Director of DSS, and the Director of External Affairs to clarify existing reporting requirements and logistics and ensure a clean handover of responsibilities.
- **Risk:** There is a risk that External Affairs’ partnerships function and OSB’s climate policy function overlap in the entities they deal with, resulting in duplication of activities.  
**Mitigation strategy:** Ensure that there are clearly defined guidelines for different Secretariat functions that interact with external entities. External Affairs’ partnership function should work with entities that are not involved in governance or the project cycle (e.g., AEs which interact with the accreditation and proposal review teams) or governance.

<sup>120</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

<sup>121</sup> Grading level of new Director of External Affairs is based on grading level of other Directors.

<sup>122</sup> Projected staff costs are calculated using the difference between current capacity and the mid-point between Dalberg’s low and high scenarios for each year (+6 FTE in 2018, +9 FTEs in 2019, and +12.5 FTEs in 2020). We have assumed an average grading level of IS-3, based on an average of the current grading distribution within Communications and Outreach team (1 x IS1, 2 x IS2, 1 x IS4, 1 x IS5), but this analysis will need to be refined following internal discussions

### Initiative 3: Rename Office of Secretary to the Board (OSB) and introduce additional functions to provide enhanced support to the Board

#### Summary of initiative

Rename OSB to better reflect its mandate and establish a new Board support unit within the OSB. In the longer-term, responsibility for IDP could be transferred to newly-created KM function that might be better placed to manage it.

#### Activities

- Determine appropriate name for the OSB
- Define roles and responsibilities for new Board support unit
- Hire two additional staff to be responsible for the Board support unit
- Potentially move responsibility for IDP to KM function and adjust the corresponding reporting lines

#### Deliverables and milestones

- Approve name change for OSB
- Establish Board support unit

#### Responsible parties

*Project owner:* OSB

*Other functions involved:* OED (Knowledge Management function, if IDP is moved from OSB)

*External parties:* N/A

#### Timeline

Dalberg suggests beginning implementation of this initiative as soon as possible, given that the majority of seats on the Board are scheduled for election in 2018 and so additional Board support is likely to provide valuable support.

This initiative is likely to take approximately 2-4 months to implement.

#### Expected benefits

- Establishment of Board support unit ensures institutional memory is retained and effectively shared with new Board members
- The transfer of OSB's current responsibility around IDP to the KM function may lead to increased efficiencies, given the complementary skills and expertise required

#### Expected costs (USD)<sup>123</sup>

Cost item	2018	2019	2020	Total

<sup>123</sup> IS level assumptions have been based on interviews with the Secretariat, but may need to be adjusted following internal discussions. Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

Staff (1 x IS5 for Board support unit)	128,600	128,600	128,600	385,800
Staff (1 x IS1 for Board support unit)	79,000	79,000	79,000	237,000
<b>Total</b>	<b>207,600</b>	<b>207,600</b>	<b>207,600</b>	<b>622,800</b>

#### Risks and mitigation strategies

- Risk:** There is potential for miscommunication and/or confusion as the reporting lines for the IDP team switch from the Secretary to the Board to the Executive Director.

**Mitigation strategy:** Ensure that the change is clearly communicated to all affected staff members. Organize a meeting between the IDP team, the Secretary to the Board, and the Executive Director to clarify existing reporting requirements and logistics and ensure a clean handover of responsibilities.
- Risk:** There is a risk that OSB's climate policy function and External Affairs' partnerships function overlap in the external entities they deal with, resulting in duplication of activities.

**Mitigation strategy:** Ensure that there are clearly defined guidelines for different Secretariat functions that interact with external entities. OSB's climate policy function should only deal with governance-related bodies (e.g., UNFCCC and COP), whereas the External Affairs' partnership function should work with entities that are not involved in governance or the project cycle (e.g., AEs which interact with the accreditation and proposal review teams).

## Initiative 4: Establish Strategy & Policy Function

### Summary of initiative

GCF should establish a dedicated Strategy & Policy function within the Office of the Executive Director that is responsible for facilitating the process of defining and monitoring the institutional strategy of the Fund as well as establishing standard operating procedures (SOPs) to translate GCF's Strategic Plan into operationalized strategies for each team.

### Activities

- Clearly define the mandate of the new function and its responsibilities
- Draft Terms of Reference for required staff members and share job descriptions both internally and externally
- Shortlist candidates, conduct interviews, and sign employment contract with hired candidate(s)
- Once staff members are recruited, establish reporting lines directly to the Executive Director or Deputy Executive Director and clarify roles and responsibilities (including the frequency with which they will report to, and interact with, the Executive Director or Deputy Executive Director)
- Ensure that all staff are informed of the creation of this function and reflect this appropriately in organizational materials (e.g., standard operating manual, Secretariat organograms)
- Conduct evaluation of the activities of the GCF for the last few years, to inform the strategic planning process going forward
- Design the strategic planning process, including the tasks, roles and responsibilities and timing for the organization and obtain approval from the SMT. Following approval, implement the process and facilitate translation of strategic plans to operational plans

### Deliverables and milestones

- Terms of reference for the new position approved
- Fill advertised positions for the new function
- Strategic planning process and implementation plan approved by SMT

### Responsible parties

*Project owner:* DSS-HR

*Other functions involved:* OED; All staff should take responsibility for developing internal policies within their own functions and for suggesting improvements to GCF's strategy

*External parties:* N/A

### Timeline

Dalberg suggests beginning implementation of this initiative as soon as possible. At the moment, the strategic and operational planning is either not done or outsourced. This is a critical function, particularly in light of the upcoming replenishment process.

This initiative is likely to take approximately 2-4 months to implement.

### Expected benefits

- Creates an overarching function that is responsible for facilitating the strategic planning process, in particular the process to elevate the current divisional plans to a broader strategy for the GCF

- A clear strategy benefits engagement of all stakeholders and broader communication on the goals and performance of GCF. It inspires staff, guides the Secretariat’s activities and ensures that it is operating as one.

Expected costs (USD) <sup>124</sup>				
Cost item	2018	2019	2020	Total
Staff (IS7) <sup>125</sup>	439,000	614,600	614,600	1,668,200
Staff (1x IS1)	79,000	79,000	79,000	237,000
<b>Total</b>	<b>518,000</b>	<b>693,600</b>	<b>693,600</b>	<b>1,905,200</b>

### Risks and mitigation strategies

- **Risk:** The Office of the Executive Director could be perceived as the wrong place to establish these two new functions.  
**Mitigation strategy:** It is necessary for these functions to be close to the senior leadership for the mandate and ability to convene the broader senior leadership of the organization. It is therefore crucial that these functions are established in the OED.
- **Risk:** The establishment of two new functions within the Office of the Executive Director will increase the presence and size of the OED.  
**Mitigation strategy:** The Executive Director and Deputy Executive Director should be clear with the SMT and broader organization that these functions have been established to facilitate the work that the SMT is responsible for and that their objective is to support and not infringe on their responsibilities.

<sup>124</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

<sup>125</sup> Projected staff numbers are calculated as the mid-point between Dalberg’s low and high scenarios for each year (3.5FTEs in 2018, and 4.5 FTEs in 2019 and 2020). Based on interviews with the Secretariat, and given the responsibility and seniority required for the position, we have assumed that one of these staff will need to be IS-1 level to provide coordination support, and the others will be at IS-7 level. However, this assumption and analysis may need to be adjusted following further internal discussions.

## Initiative 5: Establish Knowledge Management function

### Summary of initiative

GCF should establish a dedicated Knowledge Management function within the Office of the Executive Director that is responsible for coordinating the collection, storage, and management of all internally-generated knowledge and documents. In the long-term, this function could also take responsibility for handling Information Disclosure Policy (IDP), currently sitting in OSB, to take advantage of the synergies between internal knowledge management and responding to requests for documents from external stakeholders.

### Activities

- Clearly define the mandate of the new function and its responsibilities
- Draft Terms of Reference for required staff members and share job descriptions both internally and externally
- Shortlist candidates, conduct interviews, and sign employment contract with hired candidate(s)
- Once staff members are recruited, establish reporting lines directly to the Executive Director or Deputy Executive Director and clarify roles and responsibilities (including the frequency with which they will report to, and interact with, the Executive Director or Deputy Executive Director)
- Ensure that all staff are informed of the creation of this function and reflect this appropriately in organizational materials (e.g., standard operating manual, Secretariat organograms)
- Create channels through which staff can submit internally-generated documents or knowledge to the Knowledge Management function, or directly to a KM database
- Create incentives that ensure that all staff submit internally-generated documents or knowledge to the Knowledge Management function

### Deliverables and milestones

- Fill advertised positions for the new function

### Responsible parties

*Project owner:* DSS-HR

*Other functions involved:* OED; All staff should take responsibility for knowledge management within their own functions

*External parties:* N/A

### Timeline

Dalberg suggests beginning implementation of this initiative as soon as possible, given the current lack of dedicated staff in the Secretariat responsible for this function.

This initiative is likely to take approximately 2-4 months to implement.

### Expected benefits

- Creates an overarching function that is responsible for coordinating the collection, storage, and management of all internally-generated knowledge and documents.

- Increases access to institutional knowledge which could help increase operating efficiency (for example, being able to easily access Board decisions that are relevant to their functions)

#### Expected costs (USD)<sup>126</sup>

Cost item	2018	2019	2020	Total
Staff (IS6) <sup>127</sup>	152,100	152,100	152,100	<b>456,300</b>

#### Risks and mitigation strategies

- Risk:** There is potential for some confusion regarding responsibilities for creating and storing internally-generated documents as this function is established.

**Mitigation strategy:** Hold a staff meeting following the establishment of the Knowledge Management function to outline its responsibilities and how staff should interact with the team. As mentioned above, this meeting could also cover the responsibilities of, and modes of interaction with, the new Strategy & Policy function.
- Risk:** The establishment of two new units within the Office of the Executive Director could place an unnecessary burden on the senior leadership.

**Mitigation strategy:** The Executive Director and Deputy Executive Director should discuss who will take on the responsibility for overseeing the Knowledge Management function, and to whom the function should report.

<sup>126</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

<sup>127</sup> Projected staff numbers are calculated as the mid-point between Dalberg's low and high scenarios for each year (1 FTE in 2018-2020). Based on interviews with the Secretariat, and given the responsibility and seniority required for the position, we have assumed that this staff member will need to be IS-6 level. However, this may need to be adjusted following further internal discussions.

## Initiative 6: Create joint workplans and objectives, and accelerate the use of project-based teams during the funding proposal review process

### Summary of initiative

In the short-term, GCF should consider moving away from the current practice of work planning by division and move to a results-based workplan. A results-based workplan establishes a clearer link between the strategy and the workplan and ensures a shared ownership of the targeted outcomes between different functions of the Secretariat. In addition, GCF should accelerate the use of project-based teams during the funding proposal review process which comprise staff with expertise on all project-related elements, for example mitigation and adaptation sectors, financial products, country-specific national adaptation plans, ESS & gender, legal, finance, and risk.

### Activities

- Move to a results-based workplan for the Secretariat with a combination of divisional and cross-divisional targets.
- When GCF is ready to formalize its performance appraisal system, it should ensure that this system can include objectives and targets at the level of the Secretariat, the division, the unit, the team and the individual. It should have the ability to assign a reviewer to each of the staff members and allow for formal input to the review by other staff members, for example through project reviews.
- Establish project teams for cross-divisional targets, where appropriate (e.g., for DMA and PSF regarding funding proposal review), and recognize these project teams in the performance appraisal system.
- Assign the responsibility of establishing and staffing project teams to the internal cross-divisional committee

### Deliverables and milestones

- Incorporate joint objectives into performance management reviews of relevant staff members
- Allocate first funding proposal to a project-based team for review
- Progress first funding proposal from project-based team to ITAP following internal review

### Responsible parties

*Project owner:* SMT

*Other functions involved:* PSF, Country operations and ESS & Gender (housed within CPD), Legal, DSS-Finance, Risk

*External parties:* N/A

### Timeline

The Secretariat has already taken steps to introduce joint workplans and objectives. Building on this effort, the Secretariat should move to a full results-based workplan by the end of 2017. Project-based teams should also continue to be used, supported by SMT and a fit-for-purpose performance appraisal system.

This initiative is likely to take approximately 2-4 months to implement.

### Expected benefits

- Stronger theory of change – how GCF delivers impact through the workplan
- Incentivizes stronger collaboration between divisions and across teams
- Facilitates cross-divisional access to technical expertise

### Expected costs (USD)

Cost item	2018	2019	2020	Total
<ul style="list-style-type: none"> <li>• Creating joint objectives and using project-based teams for funding proposal review will draw on staff time, but is not likely to have additional associated cost items.</li> <li>• Implementing the necessary changes may have some associated costs</li> </ul>				

### Risks and mitigation strategies

- **Risk:** Collaboration across the organizational structure/silos on joint activities could be limited if incentives are insufficient.  
**Mitigation strategy:** Ensure that joint objectives and targets are incorporated into relevant staff members' performance management reviews and that they are rewarded sufficiently for achieving targets. Collaboration can be facilitated by introducing joint reporting lines to the Task Manager as well as the Director of the staff members' own division.

## Initiative 7: Move responsibility for EDA and PPF from CPD to DMA

### Summary of initiative

In the short-term, move responsibility for the EDA and PPF programs to DMA, as these programs are mainly applicable for public sector entities and require similar skill sets.

### Activities

- Transfer reporting lines for EDA and PPF from CPD to DMA
- Ensure that this change is communicated clearly to all staff who are affected, and it is reflected appropriately in the operations of the fund (e.g., standard operating manual, Secretariat organograms)

### Deliverables and milestones

- Process first EDA proposal in newly positioned function
- Process first PPF proposal in newly positioned function

### Responsible parties

*Project owner:* DMA

*Other functions involved:* EDA, PPF (both housed within CPD)

*External parties:* N/A

### Timeline

Dalberg suggests beginning implementation of this initiative as soon as possible, as the teams responsible for EDA and PPF are currently relatively small and the potential disruption from this change will only increase as the functions grow.

This initiative is likely to take approximately 1-3 months to implement.

### Expected benefits

- Increases internal operating efficiency of the Secretariat as reviewing EDA and PPF proposals requires similar skillsets to those held by proposal review teams in DMA.

### Expected costs (USD)

Cost item	2018	2019	2020	Total
n/a – Moving these functions to DMA would initially draw on staff time, but is not likely to have additional associated cost items.				

### Risks and mitigation strategies

- **Risk:** There is potential for miscommunication and/or confusion as the reporting lines for EDA and PPF switch from the Director of CPD to the Director of DMA.

**Mitigation strategy:** Ensure that the change is clearly communicated to all affected staff members. Organize a meeting between Directors of CPD and DMA, and the staff responsible for EDA and PPF to clarify existing reporting requirements and logistics and ensure a clean handover of responsibilities.

- **Risk:** Accredited entities may get confused if the GCF contact point for their EDA or PPF applications changes.

**Mitigation strategy:** Where possible, ensure that the staff members currently responsible for processing EDA and PPF applications move to DMA along with the functions to improve continuity and ensure institutional knowledge is retained.

## Initiative 8: Establish internal cross-divisional committee to review all incoming funding proposals

### Summary of initiative

The Secretariat currently does not formally prioritize any funding proposals, and spends a lot of time reviewing proposals that may not be of sufficient quality. Therefore, the Secretariat should consider establishing an internal review committee or assign an explicit role to the SMT, to review all incoming funding proposals and decide which should be prioritized for a full internal review and which should be sent back to accredited entities for revisions.

### Activities

- Redesign the funding proposal appraisal process to include the initial review by the cross divisional committee/SMT. Identify implications for the current process, the timeline and the workload for the different actors involved
- As part of this review, consider asking AEs to present their concept or funding proposal to the SMT, and ensure exceptions to the rule, e.g. the simplified approval process are clearly documented
- Draft Terms of Reference for the cross-divisional committee, which will clearly outline the committee's purpose, scope, meeting arrangements, and key milestones
- Select members to be part of the committee (could have representation from the senior management team)
- Develop clearly defined and transparent criteria for prioritization of funding proposals
- Develop a communication plan for this change to external partners (accredited entities)
- Communicate these criteria internally (e.g., to proposal review teams) and externally (e.g., to accredited entities)
- Once the committee is established and running, conduct regular meetings to apply this criteria to incoming concept notes / funding proposals

### Deliverables and milestones

- Finalization of Terms of Reference for the cross-divisional committee
- Regular and ongoing meetings to decide which concept notes / funding proposals merit a full review

### Responsible parties

*Project owner:* Senior Management Team

*Other functions involved:* DMA, PSF, CPD, OGC, ORM, DSS-Finance (all project-review related functions)

*External parties:* N/A

### Timeline

Dalberg suggests implementing this initiative within the next year to ensure that the Secretariat can benefit from efficiency gains introduced by this initiative.

The set-up of this initiative is likely to take approximately 2-3 months to implement.

### Expected benefits

- Increases efficiency through ensuring that lower quality proposals are identified and either improved or deprioritized before being reviewed in full by the Secretariat, ITAP, and then the SMT
- Increases GCF's ability to better focus on projects which meet its investment criteria and avoids that task managers are too vested in a proposal (because they worked on it for several months) by the time it reaches the SMT
- Ensures that standards are applied consistently across all funding proposals and / or concept notes

### Expected costs (USD)

Cost item	2018	2019	2020	Total
n/a – Establishing this internal cross-divisional committee would draw on staff time, but is not likely to have additional associated cost items.				

### Risks and mitigation strategies

- **Risk:** Depending on the quality of concept notes / funding proposals submitted, there may be a growing backlog of deprioritized concept notes / funding proposals, resulting in potential reputational risks.  
**Mitigation strategy:** Develop well-defined and transparent criteria for prioritization and communicate this to external partners; once GCF reaches a steady state of disbursement, the growing backlog could become less of a risk, as it could signal GCF's willingness to invest only in those projects that meet its paradigm-shifting and transformative criteria.

## Initiative 9: Establish project team to consider the next iteration of GCF's business model ('Business model 2.0')

### Summary of initiative

GCF should establish a project team to coordinate and oversee the next iteration of revisiting GCF's business model to determine whether it is still fit for purpose.

### Activities

- Draft Terms of Reference for the project team, which will clearly outline the team's purpose, scope, membership, reporting, resources, deliverables, and meeting arrangements
- Select members to be part of the project team. The team lead should be one of the members of the SMT to ensure a close link to GCF leadership
- Following its establishment, the project team should conduct an evaluation of the current business model, taking into account the findings of the Dalberg report, review potential changes to the business model and propose changes to the SMT for approval.
- Throughout this process, the project team will engage Board members to understand perspectives and assess flexibility of the system. The SMT should have the final decision if a change has to be presented to the Board for approval.

### Deliverables and milestones

- A final report to the Board outlining GCF's suggested 'Business Model 2.0,' which will consolidate challenges with the current business model and specific and concrete options for how these challenges can be addressed

### Responsible parties

*Project owner:* Senior Management Team

*Other functions involved:* DMA, PSF, CPD, DSS, ORM, OGC

*External parties:* N/A

### Timeline

Dalberg suggests implementing this initiative within the next year to ensure that the Secretariat can consider any mid-term and long-term changes to structure or capacity in light of the new business model.

This initiative is likely to take approximately 6-12 months to implement, depending on the length of consensus gathering within the Secretariat and putting forward considerations to the Board.

### Expected benefits

- As GCF is constantly evolving and discussions around potential changes to the business model (e.g., new ways of accreditation, alternative methods of funding proposal review) are taking place at various times and places, establishing this committee will provide a platform to consolidate these view points and ensure that the Secretariat can proactively suggest any changes or modifications to the Board.

**Expected costs (USD)**

Cost item	2018	2019	2020	Total
n/a – Establishing this project team would draw on staff time, but is not likely to have additional associated cost items.				

**Risks and mitigation strategies**

- Risk:** Given the broad scope of this project team’s work, there is a risk that it would not reach a consensus on how GCF’s business model should evolve.

**Mitigation strategy:** Narrow down and provide a range of options to the Board in the final deliverable, which could help ensure that they reflect different perspectives, but also remain manageable and practical. Establishing a clear decision-making process within the project team to arrive at these set of options will also be important.

## Initiative 10: Improve onboarding process and ongoing training

### Summary of initiative

Despite relatively high attrition rates, up until very recently most divisions and offices at GCF have not had formal orientation or training programs, which resulted in lost time as new staff oriented themselves and existing staff informally onboarded them. In recognition of this challenge, GCF has recently introduced an onboarding process, which the Fund should continue to use and improve as the organization grows in size. In addition, GCF should ensure that existing staff have access to ongoing training to ensure that staff learn all the necessary skills to fulfil their roles.

### Activities

#### Onboarding (accelerate efforts that the Secretariat is already undertaking)

- Create agenda for new employees' first week and communicate this to divisions / offices which the new employee will be joining
- Organize logistics for the employee's first day (e.g., setting up email addresses, providing office supplies, securing an office station, ensuring the employee has access to any necessary programs)
- Schedule time for the new employee during his / her first week to learn about GCF's values and organizational culture, as well as roles and responsibilities of key divisions and offices the employee will be interacting with
- Provide training to the employee to ensure that company rules, processes, procedures and expectations are clearly communicated
- Assign responsibilities of who should conduct these meetings and training programs for the new employee
- Assign a mentor or a peer advisor from the employee's division / office to ensure a contact point that can help the employee acclimate to their job
- Check in with the new employee at set milestones (e.g., after the first month) and gather feedback on the onboarding process

#### Training (accelerate efforts that the Secretariat is already undertaking)

- Identify the overall goal of training programs
- Determine the tasks staff members need to perform (i.e., identify the "performance gap" between what staff can do now, and what they must be able to do)
- Determine the training activities that will help workers learn to perform the tasks
- Identify learning objectives of individual training programs (i.e., the tasks staff must be able to perform after training is completed)
- Develop training content internally (through appointing internal staff members with the relevant expertise and ensuring that they have the necessary time and materials to work on this) or through engaging external partners who may be able to provide content and facilitate the training sessions
- Align on training schedule, frequency, and logistics with individual divisions and offices and conduct these on an ongoing basis
- Conduct an ongoing survey to understand the effectiveness of training programs and seek ways to improve

### Deliverables and milestones

- Standard agenda of meetings and training programs for new joiners, with clearly assigned roles and responsibilities of who should run which meeting / training program
- An agenda of training schedule drafted with all relevant divisions and offices
- Fully developed and customized training materials

### Responsible parties

*Project owner:* DSS-HR for onboarding and central training, individual functions for specialized training programs

*Other functions involved:* All functions of the Secretariat that will require training and onboarding

*External parties:* Depending on the content and expertise required for the training, GCF could consider bringing in an external facilitator and trainer. Onboarding process is unlikely to require an external partner.

### Timeline

The Secretariat has recently rolled out an initial onboarding program, and also allocated division / office-specific training budgets. Dalberg suggests accelerating these efforts within the next year to ensure that GCF facilitates current staff’s professional development through regular training, and all new staff are effectively onboarded through an organized program.

### Expected benefits

- Introducing a formal onboarding program will increase efficiency through ensuring that new employees become quickly familiarized with the overall goals and operations of GCF, and streamlining these efforts so that existing staff members do not have to organize them on an ad hoc basis, in addition to their current responsibilities
- Introducing ongoing training will create opportunities for staff members to identify and address their professional development goals, resulting in increased capability and competency, as well as job satisfaction

### Expected costs (USD)

Cost item	2018	2019	2020	Total
n/a – The Secretariat has recently allocated a separate budget for onboarding and training. While the Secretariat should continue to monitor whether this budget is sufficient for providing onboarding and training to staff, there may not be a need for additional budget in the next three years.				

### Risks and mitigation strategies

- **Risk:** A lot of time and resources are invested in developing and running the onboarding and training program, but has limited effects on staff productivity and capability.
- **Mitigation strategy:** Ensure a continuous feedback cycle where staff are asked to evaluate the usefulness of the onboarding / training program (e.g., through a quick anonymized online survey) and use the feedback to improve the programs’ delivery and content.

## Initiative 11: Establish Portfolio Management division

### Summary of initiative

GCF should establish a separate division for Portfolio Management that is responsible for creating clear guidelines on the M&E components that should be included in all funding proposals. This division would also be responsible for monitoring active projects on dimensions such as climate impact, financial performance, and safeguards such as ESS & Gender. This division would use lessons learned from the portfolio monitoring to inform GCF's strategy, and could conduct evaluations around certain sectors, regions, interventions, or financial instruments to better inform GCF's strategy.

### Activities

- Clearly define the mandate of the new Portfolio Management division and its responsibilities
- Receive Board approval for the new division and its mandate
- Complete appropriate administrative procedures (e.g., allocating budget, delegating authority)
- Define the roles and responsibilities of the new Director of Portfolio Management division and draft Terms of Reference
- Share job description for Director position both internally and externally
- Shortlist candidates for Director position, conduct interviews, and sign contract with the selected candidate
- If relevant and necessary, hire additional staff to fill newly created full-time roles
- Finalize additional HR requirements for all new staff (e.g., visas)
- Ensure that this new division is clearly reflected in the operations of the fund (e.g., in Secretariat organograms and Terms of Reference for employees)

### Deliverables and milestones

- Receive Board approval for the creation of a new Portfolio Management division
- Fill the position of Director of the Portfolio Management division

### Responsible parties

*Project owner:* PMU

*Other functions involved:* DSS - HR

*External parties:* N/A

### Timeline

We suggest beginning implementation of this initiative in early 2019 given the trade-offs between minimizing organizational disruption and ensuring that appropriate structures are in place for monitoring and managing GCF's portfolio before it becomes too large.

This initiative is likely to take approximately 3-6 months to implement.

### Expected benefits

- Incorporates monitoring within the project cycle but ensures it retains its independence from the project development and review process

- Increases engagement with the project management cycle and knowledge sharing

#### Expected costs (USD)

Cost item	2018	2019	2020	Total
N/A – Establishing this new division will initially draw on existing staff time, but is not likely to have additional cost items in excess of the capacity growth already envisioned for the portfolio management function.				

#### Risks and mitigation strategies

- **Risk:** There is potential for miscommunication and/or confusion as the overall reporting lines for the portfolio management function switch from the Director of DSS to the Executive Director.  
**Mitigation strategy:** Ensure that the change is clearly communicated to all affected staff members. Organize a meeting between the Executive Director, the Director of DSS, the new Director of the Portfolio Management division, and potentially the rest of PMU staff to clarify existing reporting requirements and logistics and ensure a clean handover of responsibilities.

## Initiative 12: Re-engineer processes once the business model has been finalized

### Summary of initiative

Once GCF has finalized its new business model (and received Board approval where necessary for the suggested changes), it should engage in process re-engineering to reduce duplicative and iterative processes and increase efficiencies.

### Activities

- Draft a Terms of Reference and Request for Proposal (RFP) for an external consulting firm that would oversee process re-engineering
- Work with procurement to publish the RFP on GCF's website
- Evaluate submissions and sign contract with the selected firm
- Agree on finalized workplan, milestones and deliverables and support the selected team's on-site work

### Deliverables and milestones

- A set of refined / new processes to optimize the Secretariat's ability to deliver on its new business model
- An updated Standard Operating Manual for funded project life cycle processes

### Responsible parties

*Project owner:* DSS

*Other functions involved:* All functions that partake in processes affected by the business model changes

*External parties:* External consultant or firm

### Timeline

We suggest beginning implementation of this initiative in 2019, once any changes to the current business model has been finalized.

This initiative is likely to take approximately 3-4 months to implement.

### Expected benefits

- Increased efficiency through ensuring that all processes are optimized for the new business model

### Expected costs (USD)

Cost item	2018	2019	2020	Total
Contracted services (external consulting firm, estimated)	-	500,000	-	500,000

### Risks and mitigation strategies

- **Risk:** The refined / new processes cause confusion within the Secretariat, as staff are used to following the existing processes.

**Mitigation strategy:** Ensure that roles and responsibilities are clearly defined for the new processes, and put a clear communication plan in place regarding the changes. Offer training sessions to ensure that staff are fully onboard with the new processes.

## Initiative 13: Establish Public and Private Sector Portfolio Development division and incorporate all proposal review functions

### Summary of initiative

GCF should consider establishing a joint division that is responsible for managing the entire funding proposal review process, including EDA and PPF, from submission to first disbursement. This division would include experts in thematic areas as well as financial products.

### Activities

- Clearly define the mandate of the new Public and Private Sector Portfolio Development division and its responsibilities
- Receive Board approval for the new merged division and its mandate
- Complete appropriate administrative procedures (e.g., allocating budget, delegating authority)
- Define the roles and responsibilities of the new Director of this division and draft Terms of Reference
- Share job description for Director position both internally and externally
- Shortlist candidates for Director position, conduct interviews, and sign contract with the selected candidate
- Determine management structure for division
- Move staff working on EDA, PPF, DMA and PSF to this new merged division
- Establish reporting lines within new management structure

### Deliverables and milestones

- Receive Board approval for the creation of a new Public and Private Sector Portfolio Development division
- Fill the position of Director of the Public and Private Sector Portfolio Development division

### Responsible parties

*Project owner:* DMA, PSF

*Other functions involved:* DSS - HR

*External parties:* N/A

### Timeline

We suggest beginning implementation of this initiative in 2020.

This initiative is likely to take approximately 3-4 months to implement.

### Expected benefits

- Improved coordination on upstream engagement. CPD will take the lead and involve this division to ensure both public and private perspectives are contributing to the national strategies GCF supports

- Increases efficiency by providing all proposal review functions with easy and timely access to the necessary technical expertise required to conduct high-quality proposal reviews and provide substantive feedback to Accredited Entities
- Improves coordination and operating efficiency by making sure all skillsets and processes for reviewing funding proposals are located within one division
- Improves access to relevant technical expertise and ensures that consistent standards are applied during all funding proposal reviews. A combined division may be particularly helpful when engaging on blended finance or other public private partnerships.

#### Expected costs (USD)

Cost item	2018	2019	2020	Total
n/a – Moving these functions to DMA would initially draw on staff time, but is not likely to have additional associated cost items beyond individual functions’ growth in capacity.				

#### Risks and mitigation strategies

- **Risk:** Merging DMA and PSF leads to a (perceived) dilution of GCF’s focus on private sector.  
**Mitigation strategy:** Before implementing this change, the Secretariat should evaluate whether short-term changes that are designed to facilitate collaboration (e.g., joint workplans and project-based teams) have led to improved outcomes. Once GCF decides to establish this merged division, it should ensure that core competencies necessary to serve both public and private sectors are maintained.
- **Risk:** There is potential for miscommunication and/or confusion with GCF’s external partners (e.g., AEs) once the two divisions are merged.  
**Mitigation strategy:** Design a clear communication strategy for internal staff as well as for external partners, and ensure that the rationale for change and details around the merger’s implications for day-to-day operations are clearly communicated internally and externally.

## Initiative 14: Enhance regional capacity

### Summary of initiative

Although pursuing a country-driven approach is an important part of GCF's mandate, the role of countries in project inception and the overall project cycle is currently perceived to be limited. While GCF's current network of regional advisors has played a role in developing country relationships and building GCF's external profile, additional technical and country-specific expertise are required to help countries and AEs to develop robust work programs. In the short-term, this could be achieved by hiring additional regional advisors and external technical consultants to provide upstream support. In the long-term, establishing regional capacity could be achieved by establishing strategic partnerships with non-AEs, and/or establishing regional hubs.

### Activities

- In the short-term, create a Terms of Reference for additional regional advisors with technical expertise who can provide upstream support
- Complete appropriate administrative procedures (e.g., allocating appropriate budget)
- Share job description for these positions internally and externally
- Shortlist candidates for these positions, conduct interviews, and sign contract with the selected candidates
- In the long-term, research options for establishing regional capacity through forming partnerships with organizations that have a robust web of regional support networks and/or with service providers (e.g., UNOPS) who can contract and administer selected GCF staff in a variety of locations around the world
- Once a range of options are identified, engage in conversations with the organizations to explore potential partnerships
- Once a final set of partner organizations are selected, receive Board approval to pursue this partnership
- Once Board approval has been obtained, agree on a Terms of Reference with the selected partner organization

### Deliverables and milestones

- In the short-term, filling the set capacity targets of regional advisors
- In the long-term, selection of a strategic partner and/or service provider with agreed Terms of Reference for the partnership (following Board approval)

### Responsible parties

*Project owner:* CPD, External Affairs (for establishing partnerships)

*Other functions involved:* DSS-HR

*External parties:* External organizations that will serve as GCF's partner to enhance regional capacity

### Timeline

We suggest beginning the recruitment of additional regional advisors with technical expertise in 2018, and considering the long-term options in 2019/ 2020.

### Expected benefits

- Enhancing GCF's regional capacity will ensure that strategic country programming and entity engagement play a core role in project origination, and that GCF can provide context-specific technical knowledge.

### Expected costs (USD)<sup>128</sup>

Cost item	2018	2019	2020	Total
Regional advisors <sup>129</sup>	211,500	493,500	916,500	1,621,500

### Risks and mitigation strategies

- **Risk:** Recruiting regional advisors and /or external technical consultants to provide upstream support does not lead to improvements in project quality.  
**Mitigation strategy:** Ensure that the technical capabilities required for this upstream support is clearly reflected in the Terms of Reference when recruiting and assessing candidates, and collect feedback from NDAs and AEs to understand whether their needs are being met through this additional support.
- **Risk:** Establishing strategic partnerships can be a resource-intensive process, as they will require exploration of potential partnership relationships, followed by formal establishment and management of the relationship.  
**Mitigation strategy:** Conduct an upfront assessment of time and resources required for the establishment of partnership opportunities and ensure that these resources are available within CPD and External Affairs division.

<sup>128</sup> Staff costs are calculated based on anticipated annual salaries and do not include additional costs involved in hiring new staff as this data was unavailable.

<sup>129</sup> Projected staff numbers are calculated as the difference between current capacity and the mid-point between Dalberg's low and high scenarios for each year (1.5 FTE in 2018, 3.5 FTEs in 2019, and 6.5 FTEs in 2020). This projection assumes that all of this capacity would come from additional regional advisors, who would receive the same remuneration as current regional advisors. 1 FTE is calculated as being equivalent to 235 days of working days. These assumptions may need to be adjusted following further internal discussions. Given the uncertainties around potential organizations GCF could partner with on the longer term, we have not made assumptions around these longer-term costs.